



President Suharto delivering his state-of-the-nation address to the Indonesian Parliament in Jakarta on Sunday.

Suharto Touts a Homegrown Solution

Speaking of 'IMF-Plus,' He Keeps Prospect of Currency Peg Alive

By Seth Mydans
New York Times Service

JAKARTA — President Suharto said Sunday that the austerity measures demanded by the International Monetary Fund had not yet borne fruit and that Indonesia must find its own formula for economic recovery, something he said might be called "IMF-plus."

In a major address, he thanked the international community for its help during the country's economic crisis and said Indonesia would continue to work with the IMF, which he called an "authoritative and highly effective international institution."

But he said he was still considering pegging the exchange rate of the rupiah to the dollar, a drastic measure that is strongly opposed by the IMF, the United States and the European Union.

"In the end, our fate rests in our own hands," he said.

His remarks came in a five-yearly state-of-the-nation address on the first day of a parliamentary session that is set to hand him a seventh presidential term next week. Mr. Suharto is 76 and has led the country for 32 years.

The well-orchestrated session demonstrated his continued political dominance despite Indonesia's economic turmoil, which has been marked by inflation, unemployment and an outbreak of riots over rising prices.

But in a signal that political orchestration is not enough, the speech also came on the eve of the arrival here Monday of former Vice President Walter Mondale, who is bringing a message of concern from President Bill Clinton over Mr. Suharto's handling of the crisis.

Officials in Washington said Mr.

Mondale's visit was intended to convey a sense of urgency over implementing austerity measures Mr. Suharto agreed to last month in return for a \$43 billion economic rescue package organized by the IMF.

Mr. Suharto insisted Sunday that he was moving ahead with the austerity measures, but that the key to recovery was to find a way to strengthen the Indonesian currency, the rupiah, which has fallen by more than 70 percent in value since last summer.

"Unless this is achieved, I don't see any possible improvement in the near future," Mr. Suharto said.

One way to strengthen the currency, he said, would be to set up what is known as a currency board, which would fix an artificially strong value for the rupiah, backed by Indonesia's foreign-currency reserves. Most economists say Indonesia's economy is too fragile to withstand the fiscal pressures of such a step.

"I must remain careful in cautiously contemplating the possible introduction of the currency board," Mr. Suharto said, adding, "Whatever measures we take, we need the support of the IMF."

An IMF delegation is reviewing Indonesia's compliance with an economic restructuring plan that Mr. Suharto signed under international pressure Jan. 15. The agency will decide in mid-March whether Indonesia's level of implementation warrants continued release of support funding.

Officials in Washington say Mr. Mondale's visit is in part a result of what they called Mr. Suharto's foot-dragging in implementing these measures.

In his speech, Mr. Suharto insisted, "We have carried out parts of the program, while other parts will follow later."

So far, he said, Indonesia has toughened its annual budget, as required; has moved to ease investment

Vote Lifts Kohl Challenger

Schroeder to Lead Social Democrats' National Bid

By Alan Cowell
New York Times Service

HANNOVER, Germany — Surfing a wave of voter acclaim that could carry him to the chancellor's office in Bonn, Gerhard Schroeder, the state premier of Lower Saxony, triumphed in closely watched state elections Sunday, sealing his bid to challenge Helmut Kohl for Europe's most powerful political position in a national ballot later this year.

According to first, computerized estimates by German polling institutes, Mr. Schroeder's Social Democrats increased their share of the vote by about 4 percentage points over the 44.3 percent they recorded in the last state assembly elections, in 1994, a postwar record for the party in Lower Saxony that reversed a string of Social Democrat reversals in state elections elsewhere.

"This is a result I could not have hoped for in my wildest dreams," said Mr. Schroeder, 53. "The Kohl era is over."

With the Lower Saxony vote acting as a kind of primary, the outcome sealed Mr. Schroeder's claim on his party's ticket for the September national vote, just one day before the Social Democrats decide formally in Bonn whom to field against Chancellor Kohl: Mr. Schroeder or the party leader, Oskar Lafontaine.

"Tomorrow, Gerhard Schroeder will be our candidate for chancellor," said Franz Muntefering, the Social Democrats' party manager in Bonn.

Both Mr. Schroeder and Mr. Lafontaine told reporters that they had spoken by telephone shortly after the results began to emerge and had agreed on Mr. Schroeder's candidacy.

"I'm delighted. We didn't expect such a great win," Mr. Lafontaine said. "I will nominate Gerhard Schroeder as our chancellor candidate tomorrow."

German commentators said the developments Sunday had changed and energized the basic dynamics of German politics for the first time in years, giving the Social Democrats not just their strongest candidate for chancellor since 1982 — when Mr. Kohl took power — but also an unfamiliar whiff of winning.

On top of that, Mr. Schroeder's candidacy would cast the September vote firmly into the mainstream of European efforts for social and economic renewal, pitting a centrist and reform-minded Social Democrat contender who likes to be compared



Premier Gerhard Schroeder and his wife, Doris, voting Sunday in Hannover in Lower Saxony elections.

Shining the Light On a Dark Horse

By John Schmid
International Herald Tribune

FRANKFURT — Even after the Social Democrats on Sunday ended a year of suspense over who would be their candidate to challenge Chancellor Helmut Kohl in September, not all the names have been thrown into the ring.

Germany's next leader might be neither Gerhard Schroeder, the standard-bearer for the left who won the election in Lower Saxony, nor Mr. Kohl himself, according to polls and political observers.

Under a scenario that receives significant attention in Bonn these days, the next chancellor, who will lead Europe's most powerful nation into the next millennium, could be Wolfgang Schauble.

Mr. Schauble, the popular 55-year-old whip of Mr. Kohl's parliamentary faction, has the experience and grit to unite disparate ideologies into an unconventional "grand coalition" that weds Germany's biggest conservative and leftist parties, party officials say. They consider Mr. Schauble a viable candidate, albeit an unofficial one.

"Another candidate lurks behind Kohl," said Dieter Walz, director of political and election research at the Emnid polling institute. The shadow candidacy of Mr. Schauble is meant to improve the odds for Mr. Kohl's conservative Christian Demo-



Wolfgang Schauble is gaining favor with pundits.

Amid Religious Tensions, India Wraps Up Elections

By John F. Burns
New York Times Service

COIMBATORE, India — India's general election came to a tense end over the weekend as voters in this southern textile city joined 150 million others in choosing between Sonia Gandhi's vision of a secular India and a rival vision of a country dominated politically by the culture and preferences of its 700 million Hindus.

When results begin flowing in Tuesday, India will know whether a seven-week election campaign produced a return to government by the Congress (I) Party, whose frayed banner Mrs. Gandhi carried, or a historic turn to the Hindu nationalists of the Bharatiya Janata Party. The Hindu party entered the campaign with a large lead in opinion polls, which eroded as the drive mounted by the Italian-born Mrs. Gandhi caught fire.

Most forecasts are for a close result, probably tipped one way or the other by the voting Saturday — the third and decisive round in the staggered voting that began across the country two weeks ago. The system is India's solution to the huge organizational difficulties of running an election with 605 million voters, 5 million election officials and security personnel, 900,000 polling places, nearly 5,000 candidates and 543 parliamentary districts.

The tensions that marked the election reached their peak here in Coimbatore, 200 kilometers (125 miles) south of New Delhi on the edge of the vast southern plain that dominates the subcontinent as it narrows to a meeting point between the Indian Ocean and the Arabian Sea. Two weeks ago, 62 people were killed by 17 bomb explosions that ripped through the city shortly before a rally scheduled by Lal Krishna Advani, the Bharatiya Janata Party's hard-line president.

After that, at least 150 people have been killed in election violence across the country. But the Coimbatore bombings came to encapsulate what many Indians found most fearful about the campaign, since they were rooted in rivalries and suspicions between the majority Hindu population of India and its 120 million Muslims.

Mrs. Gandhi and other opponents of the Hindu nationalists have warned that these tensions could revive on a broader scale if the Bharatiya Janata Party wins.

In Coimbatore, a city of 1.5 million, voting that was deferred for a week because of the bombings went peacefully, with large contingents of paramilitary police officers guarding polling places and cordoning off the old Fort district, where many of the city's 90,000 Muslims live.

The police have arrested scores of Muslims since the blasts, contending that a Muslim youth group, Al Umma,

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Going to the Brink: Misgivings Plagued U.S. Plans to Attack Iraq

By Barton Gellman, Dana Priest and Bradley Graham
Washington Post Service

WASHINGTON — At about the same hour on Jan. 29, two encounters 4,000 miles apart gave voice to the Clinton administration's divided instincts on Iraq.

On the riverfront campus of Fort McNair in Washington, an annual audience with President Bill Clinton for the Joint Chiefs of Staff and regional military commanders took place in an

atmosphere of painful anxiety about the contemplated bombardment of Iraq.

"I don't think there's a member of the Joint Chiefs who wants this to be the way it goes," a senior flag officer said afterward, describing the essence of the message being conveyed to the president that week. Details of the mission and the targets "weren't the issue," the officer said, emphasizing the regional and global political risks. "It had to do with, 'Is this the right thing to do?'"

In Paris, where night had fallen on a working

dinner at the Quai d'Orsay, Secretary of State Madeleine Albright had nearly finished recruiting her French counterpart for a public warning of an approaching military clash. As the last of the orange soufflé and Chamberlain Clos de Beze wine was cleared away, Foreign Minister Hubert Vedrine escorted Mrs. Albright before reporters and declared that "all options are open" if Iraq should fail to cooperate with United Nations weapons inspectors. Mrs. Albright added pointedly: "We have all but exhausted the real diplomatic options."

Brandishing the threat of violence — and hoping the threat would suffice — was the core of the government's classified "Pol-Mil Plan Iraq," a white loose-leaf binder with timelines for each stage of rhetorical escalation and military deployment. As the confrontation neared the brink last month, according to many participants, the misgivings of the president and his national security team grew in tandem with the intensity of their threats.

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Case of Juvenile Graffiti Darkens Belarus's Image

By Jane Perlez
New York Times Service

MINSK, Belarus — Gaunt and pale, with his prison-shaven head just beginning to sprout hair, Vadim Labkovich, 16, seemed barely able to believe the modest comfort of being back home.

"After all the steel I've had around, I feel as though I am in heaven," he said, feeling the soft touch of a lounge chair and admiring the welcoming balloons and flowers in his mother's apartment.

In a case that has attracted close attention in Washington and Europe, Mr. Labkovich and a friend, Alexei Shidlovsky, 18, were locked in a cage in a courtroom here last week with an attack dog growling nearby and eight armed policemen on guard as a judge conducted their trial.

They were charged with something that would be dismissed as juvenile exuberance in most countries: spray-painting unflattering graffiti about their country's leader on statues of Lenin and Felix Dzerzhinsky, the founder of the KGB. But in authoritarian Belarus, their

action was treated as a serious criminal offense.

Belarus has become of increasing concern to the West as its leader, Alexander Lukashenko, who was democratically elected in 1994, has turned himself into a strongman. He has outlawed expressions of Belarusian national sentiment, even dissolving an elected Parliament, and has tried instead to rejoin a neo-Communist Belarus to "Mother Russia."

Last year, the Organization for Security and Cooperation in Europe, a group of 54 nations, including the United States, accused Belarus of constructing a system of totalitarian government. Belarus was suspended from the group's parliamentary assembly, and its observer status at the Council of Europe, where Russia is a member, was withdrawn.

The chairman of the security organization, Bronislaw Geremek, who is foreign minister of Poland, visited Minsk on Friday to open an office to monitor human rights in Belarus and to

AGENDA

Sweep in Kosovo Leaves 20 Dead

PRISTINA, Yugoslavia (AFP) — Serbian police continued a security sweep against Albanian militants in the troubled southern province of Kosovo that has left at least 20 dead, the Serbian Interior Ministry said Sunday.

Four policemen were killed and two were seriously wounded Saturday, the ministry said. Several ethnic Albanians were arrested.

The ministry attributed the killings to ethnic Albanian "terrorists," a term it uses for the separatist paramilitary group Kosovo Liberation Army. Kosovo has been ruled from Belgrade since 1989 but is peopled largely by Albanian-speakers.

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Clinton's 'Profound Rage'

Outward Calm Belies a Seething Conviction, Friends Say, That Prosecutor Is 'Dangerous'

By Bob Woodward and Peter Baker
Washington Post Service

WASHINGTON — The goal, President Bill Clinton has said, is to show up for work each morning and focus on the job. And so in the midst of the worst crisis of his career, he goes about his business with an air of public calm — planning possible war one moment, touring disaster sites the next, even escaping to a ski resort over the weekend with the family.

But behind closed doors, in emotional moments of candor with confidants, Mr. Clinton is in a "profound rage" these days about the investigation into his relationship with Monica Lewinsky, according to associates. As unperturbed as he appears in public settings, they said, the president privately seethes that the independent counsel, Kenneth Starr, is "a very bad guy" and "dangerous."

After years of being scrutinized on so many fronts, from his Arkansas busi-

ness deals to the death of his friend Vincent Foster and now even to his sex life, Mr. Clinton has concluded that Mr. Starr is engaged in a moral crusade.

The prosecutor and his staff, the president believes, are guilty of "prosecutorial misconduct" for supposedly colluding with attorneys working for Paula Jones in her sexual harassment lawsuit, according to people who have spoken with Mr. Clinton. There is, said one friend, "a sense of victimization."

It is "not necessarily rational," said another.

"There's a great deal of anger," said one Clinton friend who has spoken with him on the topic. "But it's more than anger. There's genuine concern, even if it weren't him in the crosshairs, that Ken Starr represents a danger in American life."

That Mr. Clinton is personally furious at Mr. Starr may be predictable, but it is a side of him he has labored to hide from the public and even from much of

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Newsstand Prices

Andorra	10.00 FF Lebanon	11.3000
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Egypt	5.50 FF Reunion	12.50 FF
France	10.00 FF Saudi Arabia	10.00 SR
Gabon	1.100 CFA Senegal	1.100 CFA
Italy	2.800 Lire Spain	225 Ptas
Kenya	1.250 Shs Tunisia	1.250 Din
Jordan	1.250 JD U.A.E.	10.00 Dh
Kuwait	700 Fils U.S. M. (Eur.)	\$1.20

On a Jewish Hilltop, a Test of Israel's Soul

ANTON: President

THE AMERICAS

Republicans Break Silence On Intern and Lash at Clinton

By Thomas B. Edsall
Washington Post Service

BILOXI, Mississippi — After weeks of wary silence, leading Republicans took the stage at a gambling resort here over the weekend to assail the "national embarrassment" of sex and perjury allegations against President Bill Clinton. At a meeting of more than 1,600 Southern Republicans, prospective presidential and vice presidential candidates, congressional leaders and governors assaulted Mr. Clinton with a combination of caustic humor and statements of high morality over the question of whether the president had sex with a former White House intern and then asked her to lie about it.

Former Vice President Dan Quayle called for enactment of a new crime program: "Three interns and you're out."

Most of the anti-Clinton comments were not, however, voiced to get a laugh. Governor Tom Ridge of Pennsylvania, who is trying to win approval as a prospective vice presidential nominee, declared that Mr. Clinton has publicly advocated personal responsibility "but seems incapable of taking responsibility for his own actions."

Representative J.C. Watts Jr. of Oklahoma, who has also been mentioned as a potential vice presidential running mate, asked, "Friends, what has happened to us when a high school football or basketball coach has to live to a higher standard than the president of the United States?"

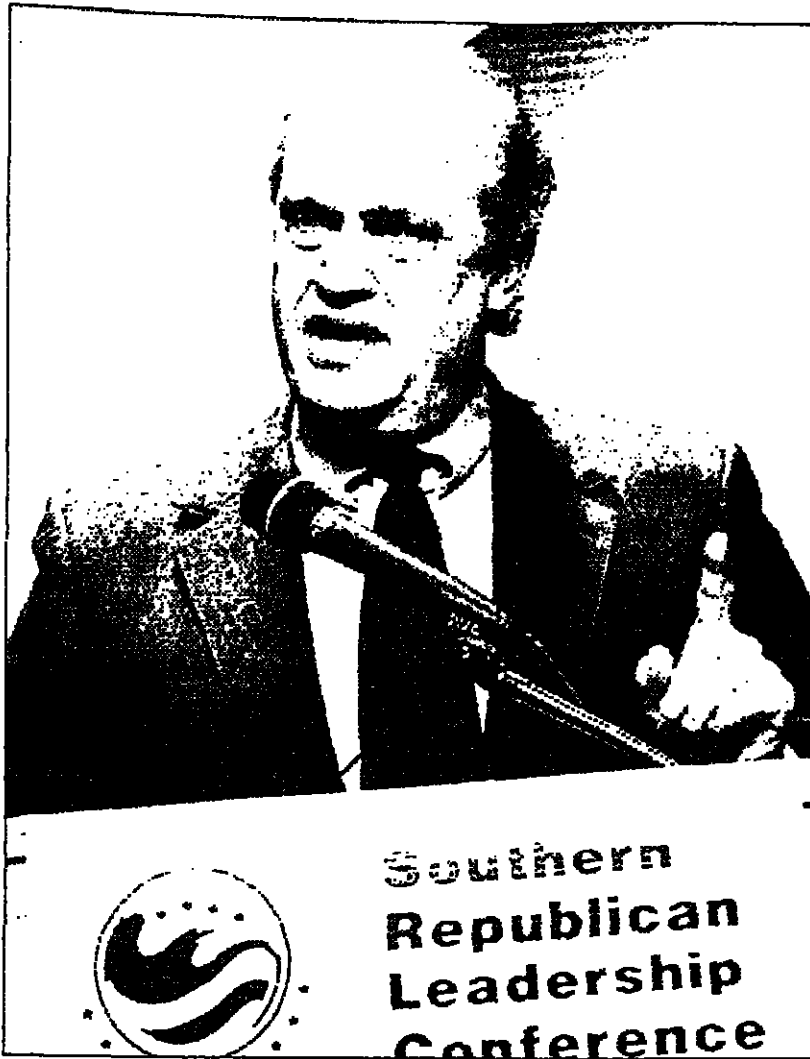
Lamar Alexander, former Tennessee governor and past presidential aspirant, said, "What is happening today in the Oval Office is a national embarrassment."

Until now, Republican strategy has called for party leaders to stand aside and let the independent counsel's investigation into Monica Lewinsky's tape-recorded allegations play out. Republican reluctance to enter the fray has been reinforced by poll results showing Mr. Clinton's job approval shooting up into the 70 percent-plus favorability range.

Senator Fred Thompson of Tennessee said he generally supported a Republican strategy of noninvolvement in the Clinton-Lewinsky controversy, but "if it becomes apparent that this White House is intent on investigating, digging up dirt and dragging through the mire anyone who criticizes what they are doing, or if this White House is intent on coming up with claims of phony executive privilege as a means of keeping the facts from the American people, it's going to be time for us to get off the sidelines."

"Quayle 2000" and "Quayle-Bush" signs suggested that one of Mr. Quayle's major competitors for the 2000 nomination, Governor George Bush of Texas, should be the vice presidential nominee, just as Mr. Quayle was vice president during the presidency of Mr. Bush's father.

Bush Wins Straw Poll
Governor Bush won a presidential straw poll of the Southern Republican activists Sunday, and a large majority also said they thought he would be the party's White House nominee for 2000, Reuters reported from Biloxi.



Senator Fred Thompson taking his turn to attack the president in Biloxi.

AMERICAN TOPICS

A Bachelor Waits: Will She Leave N.Y. for Fairbanks?

Jay Ramras, a most eligible Jewish bachelor, went to New York City from Alaska four months ago in search of his dream woman, the Jewish population of Alaska being quite small. Now he has found what he wanted — if only he can sell her on Fairbanks.

In that town of 33,000, single men outnumber single women by 5 to 3, and few are Jewish. New York City, a relative hand pointed out to Mr. Ramras, has 1.9 million Jews.

The search by Mr. Ramras, who owns a chain of restaurants in Alaska, has made him a bit of a celebrity in New York. New York magazine has carried weekly progress reports on his dozens of dates.

The tall, Alaskan, who is 33, played host at Jewish singles parties and spoke at synagogues. He took his dates to Broadway shows and hockey games. His friendly and unaffected style made him popular — but the idea of freezing in Alaska did not help his cause.

At a good-bye brunch, fate intervened. Mr. Ramras met a young Jewish marketing executive. He put off his return home. But the woman, whom he declines to identify, is determined to stay in New York.

On Monday, Mr. Ramras returns to Fairbanks, not ending the relationship but giving it breathing room, he says. Depending on the mystery woman, he leaves open the idea of returning, and maybe even living in the Big Apple.

Short Takes

From governor to county jailer.

Brian Knowlton

Colombia Farmers Stuck With Drugs Funds to Switch Crops Unavailable

By Diana Jean Schemo
New York Times Service

POPAYAN, Colombia — At first, nothing could have been easier for these struggling rural farmers than getting into the drug business. Up and down the Valle del Cauca, these scattered villages climbed on the coca bandwagon early, enjoying a five-year joyride that is still referred to here as La Bonanza.

But as more and more farmers grew coca instead of food, prices for coca leaf dropped and the cost of the food they had to buy soared. Crop destroyers financed by U.S. anti-drug efforts poisoned the harvest. And gradually, the problems that cocaine has fueled in urban ghettos — violence, shattered families and an addiction to easy money — reached back to the valley like a curse returning to its roots.

As life unraveled, the coca growers learned that although Colombia was spending \$1.1 billion a year fighting drug trafficking and Washington was pouring more than \$100 million a year into Colombia's anti-narcotics police, hardly any of that money was available to help communities stop growing illegal crops.

Washington's strategy in Colombia, where about 80 percent of the cocaine sold in the United States originates, never included the kind of highly effective programs in Bolivia and Peru that have helped peasants raise alternative crops.

Indeed, while drug crops in Bolivia and Peru — where fumigation is banned — have continued to fall, the world's leading producer of coca last year was Colombia, where fumigation is Washington's weapon of choice.

"It's ironic and disturbing that the one country where you have massive aerial eradication is the one where you've got an increase in coca production," said Coleta Youngers, a senior associate at the Washington Office on Latin America, a nonprofit policy research organization.

"There's something fundamentally wrong there."

After two years of imposing sanctions on Colombia for failing to enforce drug laws, the Clinton administration announced Thursday that

it would grant a waiver to Colombia this year as an acknowledgment of progress in destroying crops.

But the results have not been encouraging. Last year, Colombian pilots poisoned 40,000 hectares (100,000 acres) of coca crops, and yet the total area under coca cultivation rose nearly 20 percent.

While Washington formulates policies to reduce drug trafficking by poisoning crops, attacking bridges and blowing up labs, the strategy's limited successes are trumpeted widely. Less well known is the way the policy affects the peasants who took up illegal crops in a Faustian bargain to join the middle class.

"They confuse us with the Cali or Medellin cartel," said Elder Gironza Mamian, a coca grower whose community is weighing the prospects of ending coca cultivation. "Maybe they think we're rich, too, but in reality, we're poor. And our children go hungry."

Under President Ernesto Samper, whose relations with Washington have been plagued with accusations that Cali drug dealers bankrolled his election, the Colombian government has tried to promote crop substitution with aid from the European Community and the United Nations. But the dearth of help from the United States has sown deep bitterness among Colombians.

Indeed, U.S. officials at the Bank for Inter-American Development recently voted against a \$90 million loan to increase crop substitution in Colombia, an automatic consequence of Washington's decertification of Colombia over the past two years in the fight against drug trafficking.

At the same time, the U.S. anti-narcotics funding for Latin America's military and police more than tripled between 1996 and 1997, according to a report by the Washington Office on Latin America.

Still, the seizure of tens of thousands of tons of heroin and cocaine between 1988 and 1995 and the destruction of about 54,000 hectares of coca had "made little impact on the availability of illegal drugs in the United States," according to a 1997 report by the General Accounting Office.

Racial Split Is Total In U.S., Study Says

By Michael A. Fletcher
Washington Post Service

WASHINGTON — Thirty years after a presidential commission declared "our nation is moving toward two societies, one black, one white — separate and unequal," that dire warning has become reality, according to a report made public Sunday.

"The Kerner Commission's prophecy has come to pass," said the report from the Milton S. Eisenhower Foundation, a group founded to continue the work of the commission, which was appointed by President Lyndon B. Johnson to probe the causes of rioting in urban America in the 1960s.

The new report noted that substantial racial progress has occurred in the three decades since the Kerner Commission released its groundbreaking report. The black middle class has grown to unprecedented levels, black business has expanded and the number of black elected officials continues to increase. But even with those gains, inequalities with troubling racial dimensions are becoming more deeply rooted in American society, the new report concluded.

"The rich are getting richer, the poor are getting poorer and minorities are suffering disproportionately," said the report. The report lists an array of racial and economic statistics to back its bleak conclusions. While the American economy boomed, most adults in many inner cities do not work in a typical week. The top 1 percent of Americans have more wealth than the bottom 90 percent, the report says, placing the United States first among industrialized nations when it comes to wealth inequality.

In addition, 40 percent of minority children attend urban schools, where more than half of the students are poor and fail to reach even "basic" achievement levels. With 1.5 million prisoners, the United States incarcerates more people than any nation in the world, and one young African-American man in three is in prison, on parole or on probation.

But Jim Sleeper, whose book "Liberal Racism" argues that many advocates overstate the significance of race, called the report's findings self-serving. While acknowledging that wide economic gaps continue to exist in society, he said that the reasons have less and less to do with race.

"We have a race industry in this country," he said. "They downplay the good news because they feed on the bad. They draw their funding and moral cachet from the bad. It is almost as if people want it to be 1963 over again. It is almost like people take their moral bearing by fixing the old coordinates of racism firmly in place."

Away From Politics

Two months after a top executive of Philip Morris Cos. testified in 1994 before Congress that the cigarette maker did not "manipulate or independently control" nicotine in its products, company scientists reported on experiments that indicated that they could produce "enhanced" nicotine effects on a smoker's nervous system, an internal company document shows. (NYT)

For the first time since federal officials began keeping weather records in 1869, the month of February has passed without a trace of snow falling in New York's Central Park. (NYT)

POLITICAL NOTES

Questions Over Jones's Funds

WASHINGTON — Paula Jones hired a direct-mail firm last fall to raise hundreds of thousands of dollars for her legal battle against President Bill Clinton, but none of the money has gone to the foundation sponsoring her sexual harassment lawsuit or the lawyers pursuing it.

Mrs. Jones signed a contract in November with Bruce W. Eberle & Associates Inc., which guaranteed her a minimum of \$300,000 as long as the firm could make its own profit from the fund-raising campaign, according to a copy of the document. About \$100,000 has already been sent directly to Mrs. Jones, said a source familiar with the effort.

Solicitation letters and a newspaper advertisement drafted by Mr. Eberle's company, a firm long associated with conservative causes, said that the money raised would go to "litigation expenses." In one letter that went out over her signature, Mrs. Jones said: "My lawyers can't keep fighting now without outside funding. And they'll need at least \$250,000 to keep my case going." It added: "This money is going to help my legal case and expenses related to it."

But the Rutherford Institute that is paying for expenses related to the lawsuit and the Dallas law firm that is representing Mrs. Jones in the case said that they had not gotten any money from the venture.

The issue of who has been bankrolling the Jones effort has been a flash point in the battle over her claim that Mr. Clinton propositioned her in a Little Rock hotel in 1991. Mr. Clinton's side has asserted that Mrs. Jones's motivation in pursuing the lawsuit is money, and the president's lawyers have hired investigators and issued subpoenas in an effort to determine how she is paying for her case. (WP)

Jordan's Grand Jury Summons

WASHINGTON — Vernon Jordan Jr., President Clinton's close friend and unofficial adviser, has been summoned to appear Tuesday before the grand jury investigating the relationship between the president and Monica Lewinsky, a former White House intern, lawyers involved in the case said.

Kenneth Starr, the independent counsel conducting the inquiry, also ordered a Little Rock private investigator and former state police officer, O.H. Mullenax, to appear before a grand jury in Little Rock on Tuesday.

The subpoenas indicate that Mr. Starr is moving on parallel tracks in two separate investigations. The major investigation concerns whether Mr. Clinton had a sexual affair with Ms. Lewinsky and then instructed her to lie about it under oath. Mr. Clinton denies both charges. The second investigation involves what Mr. Starr calls a smear campaign against his office by the White House.

Mr. Jordan could be an important witness in the case because he found Ms. Lewinsky a lawyer to represent her after she had been subpoenaed as a witness in the Paula Jones sexual misconduct lawsuit against the president. Mr. Jordan also tried to help Ms. Lewinsky find a public relations position at Revlon Inc. (NYT)

Quote/Unquote

President Clinton, in the Main Street Deli while on vacation in Park City, Utah, ordered a cup of decaf from the owner, Barbara Lindbloom, who remarked that she had voted for the president and that that was "hard in Utah." The president shook his head knowingly: "Hazardous to your health out here." (AP)

CLINTON: President's Outward Calm Belies His Rage at Starr

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his staff. It also helps shape the dynamics at the White House as aides there consider how to respond to the six-week-old perjury and obstruction of justice probe by Mr. Starr.

While he has publicly pledged cooperation, Mr. Clinton privately wants to find ways to thwart the Starr investigation while his attorneys build a legal defense, associates said. At times, Mr. Clinton even mulls over how Mr. Starr might somehow be forced from office — not by dismissing him, but by pressuring him into overstepping and letting him "effectively fire himself," as one confidant put it.

However much he may ruminate about such ideas, though, White House officials insist there is no effort at this time to seek Mr. Starr's ouster. Under the independent counsel law, Attorney General Janet Reno could fire Mr. Starr for "good cause," and the president presumably could order her to do so.

But senior White House officials say they believe that would be sheer disaster for Mr. Clinton because it invariably would be seen as the modern-day equivalent of the "Saturday Night Massacre" in 1973 when President Richard Nixon ordered the dismissal of the Watergate special prosecutor, Archibald Cox.

Mr. Clinton's top aides are convinced that in his calm-headed moments he recognizes the political consequences, but it is a subject on which he is not always calm.

From a purely pragmatic point of view, many Clinton strategists say they believe

they are better off keeping Mr. Starr in place because the prosecutor is viewed so negatively by the American public.

"How could you have a better guy there?" asked James Carville, the president's former political consultant who for years has been waging what he calls a public "war" against Mr. Starr with the tacit approval of the White House. "You've got a guy investigating you that two-thirds of the country hates. How could you be better?"

That has not slowed efforts by Clinton allies to undermine Mr. Starr in the public arena. The White House has denied using private investigators employed by Mr. Clinton's lawyers to dig up dirt on prosecutors, but has acknowledged circulating negative news accounts about past prosecutions carried out by Mr. Starr's lieutenants.

Mr. Clinton's suspicions about a Starr-Jones collaboration also have found their way into public accusations by his surrogates. Several congressional Democrats have alleged a collusion. The president's recently departed chief scandal spokesman, Lanny Davis, has been appearing on television shows repeating the charge, though he said he has never discussed it with Mr. Clinton.

The major basis for the allegation is that Linda Tripp was helping Mr. Starr and Mrs. Jones simultaneously. In fact, the day before Mr. Clinton's Jan. 17 deposition in the Jones case, Ms. Tripp lured Ms. Lewinsky to an Arlington, Virginia, hotel where she was detained by Mr. Starr's investigators, then drove home to brief a Jones lawyer about Ms. Lewinsky's pur-

ported affair so that precise questions could be asked of the president under oath.

Mrs. Jones's lawyers have denied teaming up with Mr. Starr and rejected the notion they laid a perjury trap for Mr. Clinton, noting it was his choice whether to tell the truth or not.

In private, the Clinton defense team has been searching for other ways to back up an accusation of prosecutorial misconduct, according to a source familiar with the discussions. Among other things, the source said, the lawyers are focusing on whether the Starr investigation was properly authorized in the first place because the original order expanding his mandate to look into the Lewinsky matter did not specifically name an official covered by the independent counsel law.

That technical argument may have little merit because Mr. Starr's authority to expand the investigation was made under a provision in the law that does not require that a covered person, such as the president, be the focus of the probe.

For all of the strategizing, the White House publicly insists that it has been fully cooperative with Mr. Starr.

"There has not been a single suggestion that the White House is going to delay or be obstructive," said the White House counsel, Charles Ruff. "Delay is not a strategy. As always we are cooperating."

Mr. Ruff said the White House had fought Mr. Starr's attempts to compel White House aides and Secret Service agents to testify because of the institutional importance of protecting the pres-

ident's confidential communications and his physical safety. The White House is preparing to invoke executive privilege to limit Mr. Starr's ability to question the deputy counsel, Bruce Lindsey, and other top aides summoned to the grand jury.

But for Mr. Clinton, there is more to it than the institutional prerogatives. Mr. Lindsey has been a friend for 30 years and "the equivalent of Bill Clinton's taping system," as one source in the Clinton camp put it, and the president is determined to fight to protect the confidentiality of their talks.

Around most people, Mr. Clinton maintains a certain degree of detachment about Mr. Starr, displaying his famed ability to "compartmentalize" aspects of his life. Even some of his most senior aides said they had not seen the bursts of rage and frustration described by others and were struck by how focused the president seems on the job.

"In private, the president seems quite at peace with himself, almost Zen-like," said Douglas Sosnick, the president's counselor who accompanies him on almost every out-of-town trip, talking, strategizing and playing cards late into the night.

Yet another person close to Mr. Clinton described his feelings toward Mr. Starr as "a slow, intense burn" that only sometimes made itself visible and often just with the closest of friends — or with his lawyers, to whom he has turned because he can speak freely with them without worrying they might be forced to disclose their private talks. The outbursts often come in late-night discussions or phone calls, said the sources.

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ASIA/PACIFIC

Seoul's Twist on North Complicates U.S. Policy

By Nicholas D. Kristof
New York Times Service

SEOUL — The United States and South Korea have always been a bit like spouses as well as allies, and Seoul's basic demand of Washington has been for diplomatic fidelity: Thou shalt not commit adultery with North Korea.

Whenever American diplomats have even proposed sitting at a table with North Korean counterparts, there has been plenty of explaining to do in Seoul.

But now as South Korea searches for ways to engage its longtime enemy to the north, there are hints that it may consider releasing the United States from its vows — and that leaves Washington with the challenge of figuring out how to respond.

The new South Korean president, Kim Dae Jung, suggested in his inaugural address Wednesday that it would be fine "if North Korea pushes for interaction and cooperation with our friends, including the United States and Japan."

Indeed, some South Koreans are wondering aloud whether a bit of diplomatic two-timing by the United States might be the best way to clear the air.

"Many members of our party think it can be considered as a useful and practical tool for the United States to recognize North Korea to stabilize the Korean Peninsula," said Kim Min Seuk, a member of the National Assembly from the National Congress for New Politics, which is also President Kim's party.

That remains the minority view in South Korea, but it does suggest that Mr. Kim's inauguration may have opened new options for the United States — even if Washington does not seem eager to pursue them.

For now the United States still appears committed to its policy of applying economic sanctions against North Korea and limiting official contacts. Washington and Pyongyang have agreed to work toward eventual diplomatic recognition, but that seems a long way off.

Years ago there was discussion in the United States about recognizing North Korea as part of a cross-recognition deal whereby Moscow and Beijing would recognize South Korea. But in the end Russia and China established diplomatic relations with Seoul on their own, and the United States still has almost no dealings with the North. What contacts do take place are usually limited to specific subjects. There have been direct discussions on curbing the North's missile program and on recovering the bodies of U.S. soldiers killed in the Korean War.

And there are periodic four-party talks, involving China and the United States as well as the two Koreas, aimed at building peace on the Korean Peninsula.

Part of the problem is that the North is about as unpalatable a diplomatic partner as one can imagine, making Iraq look like a democracy. U.S. officials say North Korea has engaged in acts of terrorism, including the bombing in 1987 of a South Korean civilian aircraft that exploded in midair, killing all 115 aboard.

In addition, Pyongyang has resisted even exchanging liaison offices, a step toward eventual diplomatic relations. Washington's formal position is that relations should improve first between the two Koreas and that it does not want to irritate an old ally like South Korea unnecessarily. Even if Mr. Kim seems more open to the idea of relations between the United States and North Korea, many other South Koreans are deeply anxious about it.

Lee Hong Koo, an influential former prime minister of South Korea, said that growing contacts between the United States and North Korea are inevitable, but he warned that Washington should proceed very carefully to avoid inflaming South Korean society.

"We have a sizable conservative bloc in Korea," Mr. Lee said, "and they are



A supporter of President Kim Dae Jung, left, slapping a handicapped South Korean at a rally Sunday in Seoul. The man had complained about the new president's acceptance of a new law that would permit layoffs.

the bloc of people who have the greatest doubt about Kim Dae Jung. So if suddenly the United States comes up with that sort of proposal and that becomes an item of consultation between Seoul and Washington, that could really do a great disservice to Kim Dae Jung.

That's the kind of thing Washington should be very careful about."

The U.S. ambassador in Seoul, Stephen Bosworth, emphasized the United States' sensitivity to these South Korean concerns. He sidestepped a question about whether it was time for

Washington to re-evaluate its Korea policy and to discuss further links with North Korea.

"That's not the answer to the problem," Mr. Bosworth said. "The answer to the problem is for the North and South to talk to one another."

INDIA: Voting Ends in Contest Between Secular and Hindu Visions for Subcontinent

Continued from Page 1

set the explosions to try to disrupt the rally organized by Mr. Advani or even to kill him.

But Muslim leaders in the city repeated over the weekend what they and the Congress Party's national president, Sitaram Kesri, alleged immediately after the bombings. They say the explosions were, in effect, India's equivalent of the Reichstag fire in Berlin in 1933 — a provocation organized by Hindu nationalist extremists to stampede Hindus into voting en masse for the Hindu party.

Historians have said that the Nazi Party organized the Reichstag fire, which gutted Germany's prewar Parliament, then blamed the Communists to justify emergency measures that consolidated Hitler's power.

"We Muslims didn't do it," said Abdul Latif, 50, a property dealer who is secretary of the Coimbatore Muslim Federation, one of the most influential of the city's Muslim groups. "The bombings were a stunt organized by the

Hindu nationalists to assure that they will win in Coimbatore and get a majority in Parliament. They want to herd all Hindus in India into the Hindu nationalist camp."

But this view found few takers among Hindus arriving at the city's polling places, who appeared to favor the Hindu party strongly.

Crowds of eager voters pressed around trestle tables set up by the Hindu nationalists near the polling places, while similar tables set up by the governing party in Tamil Nadu state, allied in the elections to the Congress Party, were quiet for long periods.

At many polling places, the voting was being closely watched by members of the Rashtriya Swayamsevak Sangh, a secretive Hindu nationalist group founded in 1925 and modeled in its early days on the Nazi Party. The group has helped to found a succession of political parties, including Bharatiya Janata.

Whichever way the election goes, few Indians doubt that it will represent a historic turning point — made all the more poignant by Mrs. Gandhi's in-

volvement and the coincidence of the election's occurring in the 50th anniversary year of India's independence. If the Hindu nationalists win, their critics say, it will be a rejection of much of what India has stood for in its first half-century as a free nation.

As much as they have been fascinated by the role of Mrs. Gandhi, a 51-year-old Roman Catholic who came to politics as the widow and daughter-in-law of two assassinated prime ministers, Rajiv and Indira Gandhi, Indians have been transfixed by what her battle with the Hindu nationalists represents.

The special irony of this — endlessly highlighted by the Hindu nationalist leaders in their personal attacks on Mrs. Gandhi as a "foreign hand" and as a representative sent to India by "Rome" — has been that the Congress Party, tired and corrupted after more than 44 years in power, had to turn to a foreign-born woman, albeit one with Indian citizenship, to make its case.

The central issue, protagonists on both sides of the struggle say, has been the choice the election has given voters

between the India envisioned by Mohandas K. Gandhi, the independence leader, of a nation that is an equal fusion of myriad cultures and faiths, and another India, one that harkens back to an ancient time before Hinduism was forced by conquest and contact to accommodate Buddhist, Islamic, Christian and other beliefs.

The Hindu party built its campaign around its candidate for prime minister, Atal Bihari Vajpayee, a 71-year-old parliamentary veteran who is considered a moderate in nationalist terms, and on promises by Mr. Vajpayee and others that the party will moderate its program if necessary to retain parliamentary support. This approach seemed to be broadly successful with many Hindus who do not favor measures that would be harmful to Muslims and other groups but feel that it is time to give the nationalists a chance to govern.

Venkatarama Padmanabhan, 67, the director of the Coimbatore chapter of the Indian Chamber of Commerce and Industry, said, "People want to have a look and see what they can do."

Amid Fires, Jakarta Aide Ready to Quit

The Associated Press

JAKARTA — While dozens of fires spread thick smoke haze across the eastern side of the island of Borneo on Sunday, Indonesia's outspoken environment minister said he was ready to leave office.

The Jakarta Post newspaper quoted Sarwono Kusumadarmas as saying he did not expect to be reappointed to the cabinet when President Suharto selects a new ministerial lineup this month.

The cabinet was officially dissolved Sunday when the 1,000-member assembly that will elect a president began its 11-day session. Mr. Suharto, who has governed for 32 years, is running unopposed for a seventh five-year term.

"I don't make a fuss," Mr. Sarwono said when asked about his future.

The newspaper did not say why Mr. Sarwono might not be reappointed.

Last year Mr. Sarwono made headlines when he blamed plantation and forestry companies, some of them linked to associates or relatives of Mr. Suharto's, for the fires that covered the region in haze.

Since then, he has admitted frankly that Indonesia's deep economic crisis would hamper the country's ability to control new fires.

Hundreds of fires between July and November produced a haze over much of Southeast Asia last year, threatening the health of millions.

The new fires in Borneo have raised fears the widespread haze might return.

As in 1997, officials say that many of the fires this year have been started deliberately to clear land cheaply.

The fires have been burning while a drought grips the eastern part of Borneo, which should be experiencing heavy rain at this time of year.

Meteorologists blame the El Niño weather phenomenon for the delay of the wet season.

The government estimates that at least 15,840 hectares (39,600 acres) of forest have been burned since January, although others estimate that fires have swept through as many as 100,000 hectares of land.

Burma Arrests 40 in Alleged Plot

Democracy Advocates Are Accused of Bid to Bomb ASEAN Embassies

The Associated Press

RANGOON — The military regime in Burma has arrested 40 people whom it accuses of planning to bomb government buildings and embassies and assassinate the regime's leaders.

A government spokesman, Colonel Kyaw Thein, said Sunday that the plot was led by the All Burma Students Democratic Front, made up of former students who fled the suppression of a pro-democracy uprising in 1988.

A spokesman for the students' front, Aung Naing Oo, denied the assertion, saying that the group had given up armed struggle last year and was now seeking change in Burma through "nonviolent, political defiance."

"We didn't have anything to do with this," he said in Bangkok. "It's the usual military propaganda."

Colonel Kyaw Thein said that among those arrested in January was a law graduate, U Ko Thein, described as the leader of a plot to "undermine public confidence in the government."

Colonel Kyaw Thein said at a news conference that the student insurgents were

linked to the party of Daw Aung San Suu Kyi, the democracy advocate. He said two members of her National League for Democracy, U Myo Thant and U Pol Khwa, had established contact with the student group and gone underground in November.

Daw Aung San Suu Kyi, winner of the Nobel Peace Prize, has said that she is seeking a nonviolent way to bring democracy to Burma.

Colonel Kyaw Thein said that no action has been taken against the laureate's party but that the regime wanted to "highlight the National League for Democracy's obvious link with the illegal organization."

The colonel said the insurgents were hoping to place bombs at government buildings and embassies of members of the Association of South East Asian Nations, which admitted Burma as a member last July and has generally supported the regime. Fuses concealed in cigarettes and some explosives that the colonel said were seized from U Ko Thein were exhibited at the news conference.

The colonel did not say when the people arrested would be tried.

BRIEFLY

Khmer Rouge Assails Cease-Fire as a Ruse

PHNOM PENH — The Khmer Rouge on Sunday condemned a cease-fire declared last week as an effort by Second Prime Minister Hun Sen to destroy the opposition loyal to Prince Norodom Ranariddh, the deposed first prime minister.

The Khmer Rouge, which has been helping the prince's forces in fighting that erupted after Prince Ranariddh was toppled by Mr. Hun Sen last July, called for the war against the government to continue.

Both government forces and Prince Ranariddh's men were ordered by their commanders to stop fighting each other Friday. But the cease-fire did not cover the Khmer Rouge, who operate out of Cambodia's remote northern forests.

The Khmer Rouge says it is alarmed because the government side is insisting that under the cease-fire, the prince's forces must declare their positions, troop strength and weapons supplies, and must break all ties with the Khmer Rouge. (Reuters)

Chinese Dissidents Held

BEIJING — Two more Chinese dissidents have been arrested, for threatening state security and disturbing social order, as part of a flurry of detentions before Parliament opens this week, a human rights group in Hong Kong said Sunday.

The police did not specify what the pair had done to merit arrest, the Information Center of Human Rights and Democratic Movement in China said, quoting relatives of the dissidents.

The dissidents are Ma Lianggang of An-

Rights in Hong Kong

HONG KONG — The people of Hong Kong face a steady diminution of their civil rights under Chinese rule, political analysts said Sunday.

"We are seeing a progressive tightening of control on the political front," said a commentator, Lau Yui-sai.

Last week, the local government repealed a part of the territory's pre-handover Bill of Rights that had allowed lawsuits over human-rights violations. Hong Kong's election authority also ruled out letting international observers monitor the former British colony's first vote under the government that took over in July.

Local officials have defended their moves by saying it was important to balance freedom and social order. (Reuters)

Pakistan Arrests 150

KARACHI, Pakistan — The police have detained 150 people in connection with a recent series of killings here, police and party officials said Sunday.

The authorities made the arrests during raids in the Korangi and Landhi districts of Karachi, which has been torn by ethnic and religious strife. The crackdown came amid a wave of violence that has left 30 dead in 10 days, including the killing of eight people by unidentified gunmen in Korangi last week.

Meanwhile, a bomb exploded Saturday in the capital, Islamabad, causing panic but no casualties, the police said. (AFP)

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Amid Fires, Jakarta Aide Ready to Quit

JAKARTA — While fires spread thick smoke across the eastern side of the city of Jakarta on Sunday, Indonesian President Suharto said he was ready to leave office.

The Jakarta Post newspaper quoted Sarwono Kusumadiningrat, Suharto's aide, as saying he did not expect to be reappointed to the cabinet after the presidential inauguration in May.

The cabinet was officially dissolved Sunday when the 10th member assembly that will elect Mr. Suharto, who has governed for 22 years, is running unopposed in a seventh five-year term.

"I don't make a fuss," Mr. Sarwono said when asked about his future.

The newspaper did not say whether Mr. Sarwono might not be reappointed.

Last year Mr. Sarwono was headhunted by a foreign company and he had been planning to leave the government. But he decided to stay after Suharto's victory.

Since then, he has been in the thick of the fire, which has been burning for several days.

Hundreds of fires between the city and the surrounding area have produced a thick haze that has been threatening the health of the city's residents.

The new fires in Jakarta have caused the city's air quality to deteriorate.

As in 1997, officials on the ground say the fire is the worst in the city's history.

The government estimates that the fire has burned for more than 100,000 hectares.

The fire has been burning since January, although other fires have been reported in the city.

France Basks in Foreign Successes

Minister Sees Role in Iraq Crisis as Showing Paris's Special 'Lever'

By Joseph Fitchett
International Herald Tribune

PARIS — Foreign Minister Hubert Vedrine said Sunday that French diplomatic "ingenuity" in the Iraq crisis showed the special power of France as a "lever" in world affairs and the intangible assets endowing Paris with influence well beyond its economic strength and military punch.

The image of France's international leverage came naturally to Mr. Vedrine after perhaps the best week for French diplomacy under the last three governments. Although Mr. Vedrine did not use

those words in a wide-ranging hourlong radio interview, a series of recent events have helped lift his Socialist government's popularity to a 57 percent approval rating.

Helping create this new honeymoon, analysts said Sunday, the French government was widely credited with tempering U.S. belligerence to broker a deal with Iraq. The European single currency seemed more tangible than ever Friday when 11 nations, including France, met the technical criteria as they crossed the finish line a month ahead of the final decision on initial membership. And France reportedly renched a compro-

mise on the European Central Bank, getting the No. 2 job for the first term and the top job the second.

In all of these events, Mr. Vedrine and Prime Minister Lionel Jospin, together with Jacques Chirac, the conservative president who shares power with the Socialist government, seemed to throw France's weight judiciously into the balance when the fight was winnable — and to know when to walk by, saying, "We don't have a dog in that fight."

That seemed very much on Mr. Vedrine's mind as he described how France worked last month to develop an option other than military force against Iraq, consolidating reluctance among other European countries, including those that were technically committed to supporting the United States in combat.

Similarly, he said, France worked this weekend to shape the United Nations Security Council resolution in terms of lifting sanctions and reintegrating Iraq in the community of nations, once, he said, Iraq has complied with UN inspections.

He was careful, constantly, to stress that France was seeking "constructive convergence, not damaging disharmony" with the United States.

Indeed, Mr. Vedrine has easily settled some bones of contention, such as U.S.-French rivalry in Africa. There, U.S. and French troops this weekend were both observers at the first exercises being carried out by a new African joint peacekeeping force, a U.S. suggestion decreed in Paris when it was made three years ago.

Since then, the Socialist government decided to save funds and avoid political embarrassment by cutting back its military role in Africa.

With this approach, the government, in its first year in office, has offered smooth performance in contrast to the embarrassing flip-flops under previous governments.

The Socialists, like Mr. Chirac, see France's room for maneuver defined by Washington.

Mr. Vedrine on Sunday described the United States as "beyond a superpower — an ultrapower," which was unsailable in direct confrontation.

Drawing on his familiarity with the policy process in Washington, Mr. Vedrine seemed to offer a diplomatic, almost upbeat version of the view taken last week by Jean-Marie Colombani, editor of the newspaper *Le Monde*, who wrote about "Americans' arrogance in thinking that they decide for everyone," an approach that often leaves Washington with nothing but a military option that the United States does not really want to use.

BRIEFLY

British Journalists Attacked in Bosnia

MOSTAR, Bosnia-Herzegovina — Two British journalists who disappeared while researching a story on misused charity funds in the Croatian part of Bosnia said Sunday they were beaten and threatened at gunpoint before escaping.

Mike Grimes, 22, and Jeffrey Pickett, 27, both of Liverpool, went missing late Saturday in the southern part of Bosnia that is predominantly inhabited by Croats. They later showed up south of Mostar, after walking 10 kilometers (6 miles) through the mountains. Doctors reported the two had been severely beaten.

Mr. Pickett said that he and Mr. Grimes were stopped and attacked by two men in a car while driving through a village near Medjugorje, 25 kilometers southwest of Mostar, where they were headed to film a hand-grande factory that was operational during the war.

As in 1997, officials on the ground say the fire is the worst in the city's history.

The government estimates that the fire has burned for more than 100,000 hectares.

The fire has been burning since January, although other fires have been reported in the city.

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ov. All three were "relieved of their posts due to transfer to another job." Their new posts were not immediately known, and there was no word on their replacements.

Mr. Yeltsin had ruled out dropping key figures like the young reformers Boris Nemtsov and Anatoli Chubais from his team.

Haider Shuns Race To Pick President

VIENNA — Joerg Haider, leader of Austria's rightist Freedom Party, announced Sunday that he would not be a candidate in next month's presidential elections, the APA news agency reported. Mr. Haider told Austrian television that a decision on which candidate his party would support in the April 19 vote would be made later.

No decision had been made so far on whether the Freedom Party would name its own candidate for the largely figurehead post of national president.

The incumbent, Thomas Klestil, is comfortably in the lead in his bid for re-election, according to an opinion poll.

For the Record

Volkswagen and the Roman Catholic Church of France have settled a dispute about car advertisements, which the church considered as an offensive use of religious images.

In their out-of-court settlement, Volkswagen and its advertising agency, DDB-Needham, agreed to pay \$50,000 to a Catholic charity, and the bishops dropped their suit. (NYT)

3 Ministers Depart In Yeltsin Reshuffle

MOSCOW — President Boris Yeltsin, who had pledged a government reshuffle, dismissed three ministers Saturday, but all key reformers remained in their posts.

The *Iar-Tass* press agency said Mr. Yeltsin had dismissed Valeri Serov, deputy prime minister in charge of relations with former Soviet republics, Transport Minister Nikolai Tsakh and Education Minister Vladimir Kinely-

ov. All three were "relieved of their posts due to transfer to another job." Their new posts were not immediately known, and there was no word on their replacements.

Mr. Yeltsin had ruled out dropping key figures like the young reformers Boris Nemtsov and Anatoli Chubais from his team.

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EUROPE



Demonstrators in London on Sunday protesting changes to country life.

Rural Britons Rally in Show Of Discontent

LONDON — An estimated 250,000 country folk marched peacefully through central London on Sunday to protest against issues ranging from a proposed ban on foxhunting to rules prohibiting the sale of beef on the bone.

Hunters in riding gear and gentlemen clapping walking sticks joined butchers, farmers, villagers and landowners from across the nation to show the 10-month-old Labour government that the rural lobby is strong and vocal. The march snarled traffic for hours.

The rally started off as a reaction to a draft law proposed by a member of Prime Minister Tony Blair's ruling Labour Party, which seeks to ban fox hunting.

But it quickly snowballed to include other lobby groups outraged by recent government decisions concerning rural living, such as the government's decision to ban beef on the bone to prevent the spread of "mad cow" disease and a commitment to enshrine the public's "right to roam" on private land.

As the Observer newspaper noted: "Everyone's going to town on their own hobby horse."

Agriculture Minister Jack Cunningham asserted that sinister "vested interests" were masterminding the event and had "conned" hundreds of "decent country folk."

Paddy Ashdown, leader of the Liberal Democrat Party, said, "This is about the preservation of a livelihood, not the protection of a pastime." Country dwellers also complained of poor public transportation and lack of local facilities like hospitals and schools. (AFP, Reuters)

GERMANY: Triumphant, Schroeder Seals Bid to Challenge Kohl

Continued from Page 1

with Tony Blair of Britain against Mr. Kohl, whom critics assail as being tired and lacking in inspiration.

"From this result it is clear that the voters want a change in the politics of Bonn," Mr. Schroeder said. The outcome of the September vote, he said, would be fought on the central question of the "modernization of the economy, society and the state."

The ballot represented a huge setback on two counts for Chancellor Kohl,

Europe's most durable statesman, who had invested much political capital in the Lower Saxony vote by scheduling 11 public appearances on behalf of the Christian Democratic candidate, Christian Wulff.

First, according to the projections, his party slipped badly among Lower Saxony's 5.9 million voters, despite Mr. Kohl's involvement, with 1 percentage point less of the vote than its 36.4 percent four years ago.

"Kohl campaigned and Kohl lost. He could lose again next fall," said Gerhard Glogowski, the Lower Saxony interior minister, who would replace Mr. Schroeder as state premier here if he were to become chancellor.

Second, and more worrisome for Christian Democrat strategists, Mr. Schroeder's candidacy promised a far harder fight would a candidacy of Mr. Lafontaine, who lost badly to Mr. Kohl in national elections eight years ago and who has less of the charisma and popular touch of Mr. Schroeder.

In the September vote, Mr. Kohl will be campaigning for his fifth successive term and a place in history as the German leader who oversaw Germany's reunification, served

longer than any other postwar German leader and led Europe into a new millennium united in large part by a single currency, the euro.

Mr. Kohl can only hope that, as in the last federal vote four years ago, that his popularity will resurge as the campaign unfolds. But the vote Sunday will almost certainly strengthen dissident voices within the Christian Democrats demanding that Mr. Kohl, 67, step aside for his anointed successor, Wolfgang Schäuble, before the national election in September.

The result was also a setback for the left wing of the Social Democrats, represented by Mr. Lafontaine, who stands for far greater state involvement in social and economic affairs than Mr. Schroeder, who seeks to project himself as pro-business and opposed to regulation.

While Mr. Schroeder is set to be formally nominated as candidate, however, Mr. Lafontaine will remain as party leader — and the undisputed boss of the party machine — seeking behind-the-scenes influence while the TV-friendly Mr. Schroeder campaigns to transform his traditionally high showings as the most

popular single politician in Germany into a victory in September.

"There will be no conflicts between us," Mr. Schroeder said Sunday night.

One issue that remained unresolved by early results was whether the Social Democrats had garnered sufficient support to rule alone in Lower Saxony or in coalition with the environmentalist Greens.

Under Germany's voting rules, that depends on whether the Free Democrats — Mr. Kohl's junior coalition partner — secure the necessary 5 percent of the vote to enter the state assembly.

In early estimates, the Free Democrats hovered around the 5 percent mark. Some estimates, however, showed the Social Democrats securing enough of the vote to rule alone, with the Free Democrats falling below the 5 percent mark. That result, too, has nationwide implications since Mr. Kohl depends on the Free Democrats for his current parliamentary majority, while the Social Democrats had been bracing for the possibility of an unruly coalition with the Greens if the Free Democrats crossed the 5 percent hurdle.

SCHAEUBLE: Germany's Next Chancellor?

Continued from Page 1

cratic Party by giving them an alternative candidate of near-equal stature whose popularity far outstrips that of Mr. Kohl.

Paralyzed below the waist after an assassination attempt in 1990, Mr. Schäuble's use of a wheelchair has proven far less a handicap to him than Bonn's slow-moving system of consensus politics. That system last year allowed interest groups and opposition politicians to bury Mr. Schäuble's plan to overhaul the economy with a radical reform of the tax system.

Opinion polls show that the Sept. 27 national election could be too tight for either Mr. Kohl's conservatives or the Social Democratic Party to declare a clear-cut victory.

Mr. Kohl's Christian Democratic Party and its Bavarian sister party, the Christian Social Union, might find themselves lacking a majority if their struggling junior coalition partner, the Free Democratic Party, fails to return to Parliament or returns without a strong margin.

On the left, the opposition Social Democrats similarly could face trouble building an alliance with their preferred partners in the environmentalist Green Party. A red-green alliance might need the former Communist Party of Eastern Germany, the Party of Democratic Socialism, to build a majority in the Bundestag, pollsters predict. But any alliance with the reformed Communists would be anathema to many Social Democratic politicians in Western Germany.

The last remaining option would be a potentially unwieldy "grand coalition" that spans the spectrum of Social and Christian Democrats. And if Mr. Kohl's party ekes out a small lead over the So-

cial Democratic Party in September, it would furnish the chancellor of a right-left coalition — a job Mr. Kohl swears he would never take.

Without any pushing, Mr. Kohl then would be expected to step down and hand the job to Mr. Schäuble, his loyal friend of 25 years. Presiding over a record 16-year Bundestag majority, Mr. Kohl bars himself from a future four-year ordeal of endless compromise with ideological rivals. But as Mr. Kohl's parliamentary lieutenant and long-time heir apparent, Mr. Schäuble has spent years working across the aisle with moderate factions of the left.

On the floor of the Bundestag, where Mr. Schäuble exercises his role as Germany's second-most powerful politician, talk of a Schäuble chancellorship is out in the open. "In the event of a grand coalition, he has good chances," a Bundestag aide said last week.

Neither Mr. Schäuble nor Mr. Kohl rule out an alliance with the left. Both are careful to avoid touting a grand coalition too loudly in fear of weakening prospects for the current center-right coalition, which is the main reason why Mr. Schäuble remains an unofficial candidate.

Mr. Kohl formally anointed Mr. Schäuble his designated successor in October at their party's Leipzig convention, where Mr. Schäuble delivered an eloquent plea for radical labor-market and social reforms. Significantly, Mr. Kohl never specified when he wanted his protégé to take over, keeping alive the option of a grand coalition.

A Schäuble chancellorship could prove critical for Germany's international reputation. The next chancellor will inaugurate the "Berlin Republic" sometime next

year after the government's move from Bonn. The move has awakened fears that Germany's strategic interests could lurk eastward — away from Bonn and its proximity to West European partners.

But with either the familiar Mr. Kohl or his trusted second-in-command heading the Berlin-based chancellery, Germany could project a reassuring image of political continuity, signaling to its North American and European allies that its interests are unchanged. Mr. Schäuble's faith in European integration matches the ardor of Mr. Kohl's.

Closer to home, a grand coalition amounts to a risky experiment. According to polls, nearly half of Germany's voters pin their hopes on a grand coalition to break the two-year legislative gridlock in Bonn by uniting modernizers in both parties, who could then work together to upgrade Germany's creaking 50-year-old economic model.

On the other hand, a left-right alliance runs the risk of continued paralysis, observers said. Such a formation just as easily could unite each party's anti-reform labor wing.

Left-leaning politicians within Mr. Kohl's own party have blocked some of the chancellor's initiatives in the past two years, raising the prospect that they could find allies within a grand coalition, and thus prolonging Bonn's current malaise known as "reform fatigue."

Placed at the head of a grand coalition, Mr. Schäuble can rely on his reputation as a leader who speaks openly about the painful changes thrust on Germany by the end of the Cold War, reunification, record unemployment and even Germany's controversial deployment of troops outside its own borders.

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Excerpts from Chairman Pierre Bellon's address to the Annual Meeting of Shareholders, February 24, 1998

1996/1997 FINANCIAL HIGHLIGHTS

Over the year, consolidated sales increased by 18 percent to FRF 29.5 billion, broken down as follows:

- Organic growth 7 percent
- Acquisitions 1 percent
- Currency effect 10 percent

Operating margin widened to 4.7 from 4.5 percent, continuing the steady growth trend of the past five years.

Group share of Consolidated net income totaled FRF 540 million, a 34 percent increase from the previous year's Group share of consolidated net income before non-recurring items. At constant exchange rates, the increase came to 29 percent.

RECENT DEVELOPMENTS

Last September 30, Sodexo Alliance and Marriott International, Inc. agreed to combine their Food and Management Services businesses in the United States and Canada in a new company known as Sodexo Marriott Services, Inc. To finance the transaction, we increased our capital by FRF 2 billion in November by issuing 835,770 new shares at a price of FRF 2,400 per share. Shareholders responded very positively to the issue. Sodexo Marriott Services, Inc. will be North America's leading provider of Food and Management Services, with more than 4,800 operating accounts, FRF 24 billion in sales and 100,000 associates. Its shares will be listed on the New York Stock Exchange. The merger is taking place in a positive environment and should be completed at the end of March.

Separately, on October 31, Sodexo-Gardner Merchant acquired Marriott International's Food and Management Services business in the United Kingdom.

OUTLOOK

The creation of Sodexo Marriott Services, Inc. represents an exceptional opportunity for our Company. Although we led the Food and Management Services market in Europe and the rest of the world prior to the merger, we ranked only fourth in North America, far behind the market leader. With Sodexo Marriott Services, Inc., we will be number one in North America, thereby strengthening our global leadership.

* Once again, Sodexo Alliance has gained new scope and depth.

Over a full year, i.e., in fiscal year 1998/1999, we will have around FRF 56.5 billion in sales, more than FRF 3 billion in operating profit and more than 210,000 associates. In five years, we have multiplied sales by five, operating profit by nine and the number of associates by four.

* We have also changed our profile, with Food and Management Services accounting for a larger share of our revenue stream. In 2000, this business will generate more than 90 percent of our sales and around 85 percent of operating profit. In addition, we are becoming increasingly international. In 2000, more than 85 percent of our sales will be made outside France.

* Our debt has increased, limiting our ability to make new acquisitions. After three years of alliances and major acquisitions - Gardner Merchant, Partena, Sodexo Marriott Services, Inc., Sodexo Alliance will now enter a phase of consolidation. During this period, we will focus on developing internal synergy and enhancing organic growth:

• Synergy will be created through the cross-fertilization of skills and the development of economies of scale in the country operations, with the support of our global network. To do this, we will reduce purchasing costs, optimize restaurant working methods, negotiate international agreements with global suppliers, rationalize management structures, redeploy sales forces, forge agreements with global customers, eliminate redundant development costs, optimize new product and service development resources, and share IT development and training expenses. Throughout our corporate community, we will expand efforts to share and spread innovative ideas, management methods and quality programs.

* All our businesses enjoy strong potential for growth, especially Food and Management Services. We need to focus on organic growth, whose return on investment exceeds 50 percent. In-depth strategic studies undertaken in France, Italy, the US and the UK are helping us to increase sales and earnings faster. They are also providing methodologies that will be transferred to other countries. Thanks to steady, predictable growth in cash flow, we will recover our full investment capacity in a little more than three years and be able to make new acquisitions.

* The current year will be one of transition.

Based on currently available data and in light of the capital increase, earnings per share should increase by approximately six percent in fiscal year 1997/1998. Over the next three fiscal years, earnings per share, after amortization of goodwill, are expected to grow by an average 20 percent a year.

Since our Company was founded in 1966, it has grown into an international enterprise, but its strategic mission has remained the same:

- First, to continuously improve client and customer satisfaction. This means listening carefully to their needs, diversifying our food services, developing a comprehensive offering of other services, and pursuing our strategic commitment to quality and innovation.
- Second, to develop our human capital. We encourage the emergence of entrepreneurs by decentralizing decision making and responsibility. We instill a corporate culture in that recognizes individual performance at all levels. We want all our team members around the world to take pride in belonging to the Sodexo Alliance community.
- Third, to meet the expectations of our shareholders. This means increasing earnings per share, keeping you informed and, to the extent possible, getting you involved in the ongoing development of your Company.

I am convinced that the mutual bond of loyalty and trust between our customers, our employees and our shareholders will secure our sustainable development long into the future.

In today's global marketplace, we derive important competitive advantage from our independence, our global reach, the quality of our teams, and our excellent financial position. As you can see, our outlook is favorable.

On behalf of the Board and yourselves, I would like to thank all of our many associates, whose professionalism, dedication and efficiency are each day helping to ensure Sodexo Alliance's success around the world.

Pierre Bellon

DIVIDENDS

The dividend for fiscal year 1996/1997 has been increased 35 percent to FRF 35.00 before associated tax credit (FRF 52.50 including tax credit). It will be paid on March 5, 1998. Total payout amounts to FRF 263 million, corresponding to 49 percent of consolidated net income less minority interests.

* * *

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INTERNATIONAL

Run-Down Installations Hamper Iraq in Pumping UN-Allowed Oil

By Youssef M. Ibrahim
New York Times Service

BAGHDAD — Iraq's oil production system has deteriorated so badly during the years of economic sanctions that it cannot take full advantage of a recent UN Security Council resolution allowing Baghdad to more than double its oil sales, Iraqi officials and independent experts say.

At a news conference Saturday, Oil Minister Amir Mohammed Rasheed affirmed that point, saying that Iraq could export no more than \$4 billion worth of oil over six months, unless sanctions were eased to allow Iraq to buy new equipment.

The sanctions were imposed by the United Nations after Iraq's invasion of Kuwait in 1990, and are to remain in place until Iraq is found to be in full compliance with terms ending the 1991 Gulf War.

The central issue is the destruction of Iraq's major weapon systems.

On Feb. 20, the Security Council raised the

ceiling on Iraqi oil exports to \$5.2 billion over six months, from \$2 billion, in part to allow Baghdad to earn money for imports of food and medicines.

One-third of the money from oil exports is earmarked for war reparations to Kuwait and others; another share pays for UN administrative expenses in carrying out the sanctions; the rest goes to buy food, medicine and other relief supplies.

At current international prices for Iraqi crude oil, Iraq could export nearly 3 million barrels a day to meet the new level authorized by the Security Council. But the poor condition of its oil infrastructure does not allow it to pump anywhere near that.

Dilapidated equipment and severe shortages of spare parts mean that Iraq would need \$800 million of repairs just to bring its production system up to minimal standards, experts say. And that would take at least a year.

In fact, although Mr. Rasheed said Iraq now produces 2.4 million barrels a day, actual production is closer to 1.8 million barrels on

most days, several independent experts said. Of that total, Iraq consumes about 500,000 barrels domestically, and sells 100,000 to Jordan at one-third market prices in return for keeping the Jordanian border open. This leaves little oil for Iraq to sell abroad at market prices.

Compounding the problem has been the decline in the price for Iraqi oil, from \$20 a barrel a few months ago to \$11.50 now. Mr. Rasheed said this meant Iraq would have to export 2 million barrels a day to earn \$4 billion in six months, and 2.75 million barrels to bring in \$5.2 billion.

Commenting on the latest Security Council resolution, the oil minister said: "Iraq has not rejected the resolution and it has acted positively toward it. However, we have emphasized that we cannot export quantities more than what amounts to \$4 billion during six months because of the production limitation, and the deterioration of prices and the oil market."

Oil experts say the new ceiling is unattainable because the hundreds of millions of dollars needed to repair the Iraqi oil industry must be authorized by the United Nations sanctions com-

mittee. Iraq complains that the committee is controlled by the United States, which may well block such requests.

In an interview last week with the French newspaper Liberation, Thierry Desmarest, chairman of the multinational Total oil conglomerate, said the UN decision was meaningless unless the Security Council eased its sanctions. "If we don't allow Iraq to import parts to operate their oil installations, it doesn't help them just to authorize more oil exports," he said.

Thus, Iraq cannot count on higher exports to increase the supply of food and medicine for its 22 million people, government officials and oil experts say.

The new resolution, backed by the United States, has angered some Iraqi officials, who dismiss it as a public relations ploy intended to embarrass Iraq.

Indeed, Iraq had warned the Security Council that it would not be able to export as much oil as the resolution allows unless it was permitted to import parts to fix its facilities.

Deputy Prime Minister Tariq Aziz wrote to the

UN secretary-general, Kofi Annan, on Feb. 15 that the best Iraq could do would be to produce up to \$4 billion worth of oil over six months, or about 1.9 million barrels a day for both domestic use and for exports.

Industry experts said even that was optimistic.

President Bill Clinton and the State Department have said the higher export ceiling was meant to alleviate the suffering of the Iraqi people under the sanctions. But Iraq says that in light of Washington's previous resistance to raising the ceiling, the new resolution was meant only to deflect some of the criticism that was building over Washington's threats to attack Iraq.

"There is a serious question of how much more oil can Iraq pump," said Peter Gignoux, international energy director for Smith Barney in London.

"Can Iraq go back to its levels of 1990, when it produced well over 3 million barrels every day? The answer to that, at this stage, is absolutely not, certainly not without major investments, which the United Nations will have to authorize."

IRAQ: Misgivings Were Rife

Continued from Page 1

The president's senior advisers uniformly insist that Mr. Clinton did not waver from his decision to launch the largest military operation of his presidency if Saddam Hussein failed to halt obstruction of inspectors from the UN Special Commission. But several advisers said Mr. Clinton's foreboding grew as he focused on the costs and risks of a bombing campaign. Those drawbacks helped form the context in which he agreed to embrace the mission to Baghdad last month by the UN secretary-general, Kofi Annan.

Mr. Clinton "was concerned about civilians, all the time," said an adviser who took part in the administration's highest-level talks.

Others saw signs of a harsh backlash in the Arab and Muslim worlds. What a top official called a "David and Goliath dynamic" of sympathy for Iraq raised the prospect that American bombing might accelerate the decline of international support for the economic sanctions that have cost Iraq \$110 billion in the past seven years.

The military preparations, drawn from the broad menu of the U.S. Central Command's "Operations Plan 1003," had settled months before on some form of aerial bombardment. In three successive military plans presented to Mr. Clinton over three months, the scope and number of targets continued to grow. But over the same period, policymakers had difficulty reconciling the limits of military force and their range of objectives, and occasional trouble articulating their goals. Alternatives were raised, dismissed and raised again in a process.

The Pentagon also prepared plans for two alternative ground offensives, one of them code-named Desert Scorpion. The first was a drive to commandeer the strategic port and oil fields of the southern city of Basra, much as the 24th Infantry Division (Mechanized) had done at the close of the 1991 Gulf War. The second was a full-scale "march on Baghdad" involving 200,000 to 250,000 troops.

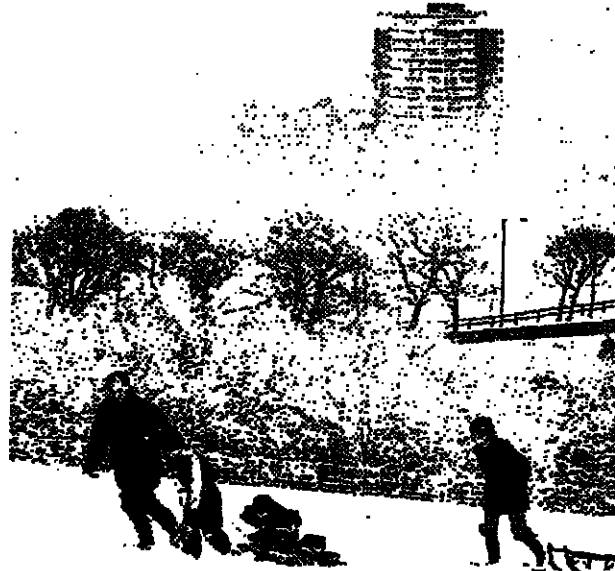
Those ideas, developed in part because Mrs. Albright asked in November about the feasibility of unseating Mr. Saddam, attracted no support among the president's advisers.

But Mr. Clinton sent several thousand ground troops to reinforce Kuwait after Iraq shifted five mechanized and armored divisions, one of them from the Republican Guard, in January. Some officials said they saw a ground attack as an option should Iraq "drop an anthrax bomb on Tel Aviv," as an official put it, or take another step deemed to grievously escalate the war.

It did not come to that. With Mr. Annan's mission declared a success, the U.S. Central Command in Tampa dissolved, on Friday, the crisis action team that had waited around the clock for launching orders. But an air and sea armada remains in the Gulf, with 30,000 U.S. troops, and policymakers just emerging from the dilemmas of the suspended confrontation with Iraq are looking ahead already to the near-certainty of another.

The first signs of the crisis came last summer when Iraq began positioning air defenses in new patterns capable of threatening the American U-2 reconnaissance planes. Months before Iraq started public warnings to inspectors, U.S. analysts concluded that Baghdad was preparing to shoot down one of the high-flying surveillance craft. Defense Secretary William Cohen sped the deployment of the Nimble carrier battle group to the Gulf on Oct. 1 to deter and, if necessary, punish such an attack.

By Oct. 29, Iraq had made clear its intention to escalate its harassment of UN inspection teams. The government announced the expulsion of all American inspectors, and Richard Butler, chairman of the United Nations Special Commission, known as UNSCOM, said he would suspend inspections until all the Americans were allowed to take part.



MARCH'S LIONLIKE START — A family dragging sleds Sunday in a snowy Newcastle, England.

Though well aware of what they called the world's "sanctions fatigue," American diplomats were stunned by the indifference of the UN Security Council to Mr. Saddam's open challenge. The five permanent members managed to agree on only the mildest response: travel restrictions on Iraqi weapons scientists who, in any case, never leave the country.

The U.S. national security adviser, Sandy Berger, convened a meeting of Mr. Clinton's cabinet-rank foreign policy team, the so-called principals committee, on Nov. 8. Of the dozen or so advisers present, none dissented from the view that Mr. Clinton had to take firm action or risk the collapse of the inspection-and-sanctions regime that constrained Iraq's rearmament since the end of the Gulf War.

"You have to make the last decision first," Mr. Berger told the president, according to two participants in the meeting.

"Are you prepared to use military force? If you stare that in the eye and say yes, then we can commence a diplomatic campaign to make the need for it less likely."

General Henry Shelton, chairman of the Joint Chiefs of Staff, briefed the president on the first of three formal strike plans developed at intervals during the debate. It relied largely on cruise missiles and was conceived mostly in punitive terms. Already the plan, a civilian official said, was substantially broader than previous raids in 1995 and 1996 that the administration, like its critics, had come to regard as "pinpricks that were counterproductive" to deterring Mr. Saddam.

Two days later, officials said, Mr. Clinton met with Mr. Berger privately and said, "Let's go forward."

That became the central gamble of the government's Iraq policy in the ensuing months: that a convincing show of military strength would reverse Mr. Saddam's defiance.

Mr. Clinton's advisers came to disagree fundamentally on the gamble's likely outcome. Mr. Berger, Mrs. Albright and Undersecretary of State Thomas Pickering predicted that Mr. Saddam would fold, and there were analysts in the Defense Intelligence Agency and Central Intelligence Agency who concurred. Mr. Cohen and the bulk of the top uniformed military leadership supposed otherwise, expecting that they would have to go through with the threat to use force.

Everyone understood, the administration's spokesmen emphasized in inter-

views, that the threat could not be a bluff. "You don't wave a lot of aircraft around, if you're a great power, for show," said one of Mr. Clinton's principal advisers. "You have to have a decision."

It quickly became clear, however, how many decisions still lay before the president. He had crossed the threshold on the use of force, but had yet to determine the military objectives or shape of the campaign.

In the next weeks and months, the purposes of the growing U.S. military force would evolve from a demonstration of resolve, to coercion of Mr. Saddam, to denial of his capacity to build nuclear, biological and chemical weapons. In the end, convinced that none of those goals was attainable, the Clinton team settled on doing "significant damage" to Iraq's nonconventional weapons and the conventional forces most threatening to its neighbors.

The president's senior advisers insist that he did not waver from his decision to launch a big military operation. But several said his foreboding grew as he focused on the costs and risks.

The military was so sensitive about the possible impact of civilian casualties that planners presented to the president estimates of the number of deaths that might result from hitting each of the proposed targets. "If the target was in such a place that it would result in the deaths of a large number of civilians, then we did not recommend it," General Shelton said.

On Nov. 14, Mr. Cohen ordered the George Washington battle group to join the Nimble. Together, including surface ships and submarines, they had more than the 288 Tomahawk cruise missiles fired in the Gulf War.

Mr. Cohen, meanwhile, was arguing that a true U.S. vital interest — and one that could easily be explained in public — was Iraqi weapons of mass destruction. But attempting to use massive force to stop the proliferation of weapons was seen by some in the military as a new mission with inherent obstacles. A senior defense official said "it took a lot of explanation by the military" to persuade the White House and State Department of those limits.

At the same time, the Russian foreign minister, Yevgeny Primakov, was working to ward off a military clash with Mr. Saddam. On Nov. 20, at a meeting in Geneva with Mrs. Albright and their French and British counterparts, he announced Iraq's consent for all UNSCOM inspectors to return.

Within days, however, the deal began to unravel. By Dec. 12, Iraq announced a ban on access to an undisclosed number

of "presidential sites" and sharp restrictions on other places deemed "sensitive" by the regime.

By late December, General Shelton had brought a major revision of the military plan to Mr. Clinton. This one involved far more strike aircraft, in addition to cruise missiles, and the target set was broadened to include a wide range of nonconventional weapons and "dual use" targets.

Mr. Cohen began pressing to launch that strike before the Muslim holy month of Ramadan started at the end of December. At meetings of the principals committee in December, he told his cabinet colleagues that the credibility of the U.S. threat was now on the line.

Mr. Berger and Mrs. Albright responded that there was not enough time to prepare the American public, Congress and allies, and both thought an effort to raise the volume of the threat might yet change Iraq's behavior. That began a period, a senior official said, "of dragging things out to get past Ramadan."

On Jan. 12, the Baghdad government halted the work of UNSCOM Team 227, which specialized in uncovering the efforts of Iraqi secret services to hide contraband. Mr. Clinton later told Congress the team had been probing "allegations that Iraq may have used human beings as experimental subjects in chemical and biological warfare."

Iraqi propaganda emphasized as grounds for its move the American nationality, as well as the military intelligence background, of the team's leader, Scott Ritter — explicitly undoing the deal with Mr. Primakov. Mr. Butler traveled to Baghdad, and Iraq took the occasion to declare a unilateral three-month "freeze" on access to presidential sites.

That week the administration completed the major outlines of Pol-Mil Plan Iraq, designed to build support and momentum for a military strike while leaving room for a diplomatic act. Commencing the drama's final act, the president sent Mrs. Albright to key European and Arab capitals for daily repetitions that "the diplomatic string is running out." Mr. Cohen, he decided, would follow with specific requests for basing and military resources.

The threat of force was no bluff for the Americans, but for France that was not clear. "When we said all options are open," a French official said later, "that doesn't mean we would have associated ourselves with an actual military strike."

With the Muslim holiday still underway, Iraq provided a rallying point for U.S. diplomats. The Baghdad government halted the work of UNSCOM Team 227, which specialized in uncovering the efforts of Iraqi secret services to hide contraband. Mr. Clinton later told Congress the team had been probing "allegations that Iraq may have used human beings as experimental subjects in chemical and biological warfare."

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BRIEFLY

Italian Aide Visits Tehran

TEHRAN — Encouraged by improving relations between Iran and Europe, the foreign ministers of Italy and Iran on Sunday called for a new era of cooperation between the two sides.

Foreign Minister Lamberto Dini of Italy, the first Western cabinet official to come to Iran since the European Union lifted a ban on high-level visits, said the EU's past policy of trying to bring change in Iran through "critical dialogue" was over.

"It is not a critical dialogue — we do know that did not prove successful," Mr. Dini said after a meeting with his Iranian counterpart, Kamal Kharrazi. "We are looking to an open dialogue on all matters of common concern."

Netanyahu to Tour Europe

JERUSALEM — Prime Minister Benjamin Netanyahu will travel to Europe at the end of the week for discussions on the peace process and Israel's relationship to the European Union, his office said Sunday.

Mr. Netanyahu will start his four-day trip in Madrid, where he is scheduled to meet Thursday with King Juan Carlos and Prime Minister Jose Maria Aznar, as well as Jewish European leaders.

On Friday, Mr. Netanyahu will travel to Bonn

for a meeting on the peace process with Chancellor Helmut Kohl. (AP)

Mexico Denies Priest Probe

MEXICO CITY — Mexican officials denied press reports over the weekend that the government was investigating 40 foreign Roman Catholic priests in violence-plagued Chiapas state and may deport them.

"There is no warning or threat against foreign religious personnel," said Guillermo Jimenez Morales of the Interior Ministry. "We don't know of any investigations against foreigners at this time."

On Thursday, the Reverend Michel Chanteau, a French priest in Chiapas for more than 30 years, was deported after he was accused by immigration officials of being involved in political activities. (AP)

For the Record

Scores of workers feared killed by a mudslide in a valley in the Peruvian Andes saved themselves by scurrying up a hillside, authorities said. "They are all safe," Jorge Alaluma, civil defense spokesman in Cusco, said after a rescue team flew over the area on Saturday and reported seeing the workers stranded on higher ground. (Reuters)

Patten Assails Murdoch Over Book Refusal

Agence France-Press

LONDON — The former governor of Hong Kong, Chris Patten, has accused the publishing magnate Rupert Murdoch of adopting double standards in the increasingly bitter feud over the decision by one of Mr. Murdoch's companies not to publish Mr. Patten's book.

HarperCollins, which is owned by Mr. Murdoch, abandoned the "East and West" book project after paying Mr. Patten a £125,000 (\$200,000) advance, reportedly because it criticized the Chinese regime. Mr. Patten is now suing for breach of contract.

In his first comments on the affair, Mr. Patten told The Sunday Telegraph of London from his home in France. "I don't see how you can be in favor of free speech in one part of the world and less keen on it in another," he was alluding to the campaign by Murdoch-owned newspapers in Britain against any tightening of the privacy laws there.

Mr. Patten said it had never occurred to him "that Mr. Murdoch's business links with China could be a factor in this."

He denied any personal animosity toward Mr. Murdoch and said that the two occasions on which they had met "were significantly unmemorable enough for me not to be able to recall exactly what was said."

In the literary and political worlds, authors are taking sides on the issue. Former Prime Minister John Major, who has a contract with HarperCollins for his memoirs, has said he will not leave the publisher. Other authors, including Doris Lessing and Fay Weldon, have expressed reservations about remaining with the company.

HarperCollins is said to be concerned that its long-awaited biography of Mao by Jung Chang, the author of "Wild Swans," could fall afoul of Mr. Murdoch. The Observer newspaper reported.

Stuart Proffitt, the HarperCollins editor in chief who was Mr. Patten's editor, has left the company and has indicated that he may sue for constructive dismissal. The Sunday Times reported.

In an affidavit, he has accused the publishers of trying to make him tell lies about the reason for refusing the book.

Diana Crash Survivor Regaining Memory

Reuters

LONDON — The bodyguard who survived the Paris car crash that killed Diana, Princess of Wales, has remembered more details of what happened and plans to tell them to French investigators.

Trevor Rees Jones said Saturday in a statement released by his lawyers that he would be speaking to the French examining magistrate investigating the Aug. 31 crash.

Mr. Rees Jones suffered severe injuries and was initially unable to remember details of the accident in which Diana, her companion, Dodi Fayed, and their driver, Henri Paul, were killed. The Mirror newspaper is to publish an interview with Mr. Rees Jones on Monday. On Friday it said the 29-year-old former paratrooper had answered every question "as best he can."

"And yes, he can now remember most of what happened that night," The Mirror said.

Earlier this month, Mr. Rees Jones was reported to have returned to work with the security team at Harrods department store in London, owned by Dodi's father, Mohamed al Fayed. Mr. Rees Jones had earlier told French investigators he could remember nothing about the crash.

Dr. George Hitchings, Nobel Prize Winner, Dies at 92

By Charlie LeDuff
New York Times Service

NEW YORK — Dr. George Hitchings, 92, who won the Nobel Prize in Medicine in 1968 for pharmaceutical research, died Friday in Chapel Hill, North Carolina. He had been suffering from Alzheimer's disease.

Dr. Hitchings's research led to the creation of drugs to treat leukemia, gout, malaria, and disorders of the human immune system, and that eventually made organ transplants possible.

For more than 33 years, Dr. Hitchings was the chief researcher and biochemist with the Burroughs Wellcome Co., now Glaxo

Wellcome PLC, in Research Triangle Park, North Carolina.

For most of his career, he worked closely with Dr. Gertrude Elion, and their work led to the development of important drugs such as AZT, used to treat AIDS. The two joined forces in 1944. At the time, drug research was done on a trial-and-error basis. But Dr. Hitchings and Dr. Elion developed compounds for specific diseases, testing them in vitro, and in animals, then watching for unexpected results.

Their work was monumental, but because they were industry scientists, they were often overlooked by the Nobel committee. They were eventually awarded the Nobel Prize in

Medicine, nearly 30 years after most of their discoveries.

Cardinal Jean Balland, 63

PARIS (AP) — Jean Balland, 63, the Roman Catholic archbishop of Lyon, died Sunday, just weeks after he was named a cardinal by Pope Jean Paul II. Cardinal Balland had been suffering from lung cancer and was hospitalized in November.

He was named a cardinal Jan. 18, and had been the archbishop of Lyon since 1995. He was ordained a priest in 1961, worked as a seminary professor and served as bishop of Dijon from 1982 to 1988, and then as archbishop of Reims before coming to Lyon.



Cardinal Jean Balland, the archbishop of Lyon.

BELARUS: Graffiti Case Tarnishes State

Continued from Page 1

encourage its leaders to return to the path of democracy. Mr. Gerasimov cited the trial of the two young men as an example of undemocratic behavior by Belarus.

The men, members of an opposition youth group, were arrested in August, interrogated and placed in pretrial detention for six months. Mr. Shidlovsky's lawyer said his client was so severely beaten in detention that he had to be hospitalized.

When the sentences were handed down Tuesday, Mr. Labkovich was relatively lucky: He was sentenced to 18

months in a "strict" labor camp, but because of his youth the sentence was suspended. He was allowed to go home to his mother's apartment, but he must observe a 9 P.M. curfew, and is not allowed to leave the country for two years. He said he doubted that he would be permitted to enter a university.

Mr. Shidlovsky was given the same sentence, but it was not suspended. He was immediately driven back to prison after the verdict.

A U.S. State Department spokesman described the case as "reminiscent of the worst abuses of the Soviet era."

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International Herald Tribune

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Don't Enlarge NATO

With Washington preoccupied by other events, the Senate is rapidly moving toward a momentous decision on NATO expansion. Though the issue has stirred little passion outside the foreign policy fraternity, the eastward extension of NATO ought to concern every American because it may damage the country's paramount security interests for decades to come.

There is still time for the Senate to weigh these risks and to reject a plan that is likely to undermine the very goals the White House insists it will achieve, including the advancement of democracy and unity in Europe.

Redrawing the map of Europe does not happen every day. When it has been tried over the centuries, by treaty or force of arms, it has often led to devastating conflict. In promoting NATO membership now for Poland, Hungary and the Czech Republic, and in creating an expectation of future invitations for other Eastern European nations, the Clinton administration is betting that several potentially harmful situations will not result.

That is a bet the country should not make, especially when the potential gains of expansion are so slight.

The clearest danger zone is Russia's relationship with Europe. The political, economic and military stability of the continent depends heavily on whether Russia completes its transition to democracy and a market economy. Any move that impedes or reverses that transformation is clearly not in European or American interests.

Yet that is precisely what NATO expansion may do. For the moment, Boris Yeltsin has grudgingly accepted NATO growth as the price Moscow must pay for harmony with the West and the financial assistance that comes with it.

But Bill Clinton and his aides mistake Mr. Yeltsin's acquiescence for permanent Russian acceptance. His successors may well prove less cooperative. In Russia's volatile political environment, NATO expansion could easily be exploited by nationalist forces intent on diminishing democracy and chilling relations with the West.

Even under Mr. Yeltsin the prospect of expansion has taken a heavy toll. A

vital treaty to reduce nuclear arms is stalled in Parliament.

With NATO forces likely to move hundreds of miles closer to its border, Russia has already placed greater reliance on its nuclear weapons as a first line of defense. Relations with Washington are deteriorating across a range of issues, from the handling of Iraq to the management of Russia's nuclear materials.

In exchange for these serious consequences, NATO expansion would bring no discernible gain. East-West divisions are evaporating and free markets are spreading. An increasingly democratic Russia poses no threat to its neighbors. This is not a picture that cries out for enlarging a military alliance whose core purpose, defense against the Soviet bloc, is obsolete. Even a majority of citizens in the Czech Republic see no need to join NATO.

It remains a mystery why absorption in the European Union is not the preferred way to promote unity and prosperity in Europe. It would do so in a way that embraces rather than excludes Russia. There will be ample time in the future to plant the North Atlantic Treaty Organization flag farther east if Russia should turn threatening again.

Then there is the financial expense of expansion. The Pentagon recently came up with a new estimate of the cost, \$1.5 billion over 10 years. The number is laughable, clearly cooked to reassure the Senate as it approaches a vote. Only a few months ago the Pentagon calculated the cost could run as high as \$35 billion over 13 years. Two years ago the Congressional Budget Office estimated the price tag might be as high as \$125 billion over 15 years.

In giving the Senate the power to ratify and amend treaties, the U.S. Constitution expects more of the Senate than it is delivering on NATO.

There must be a serious, sustained debate about enlargement, not the rush to approval that the White House would prefer.

—THE NEW YORK TIMES

Mexico's Drug Problem

The Clinton administration does no favor to Mexico or its own credibility by certifying that Mexico is "fully cooperating" in the fight against drug trafficking. Compounding the damage, the White House drug policy director, Barry McCaffrey, fatuously claims that Mexican cooperation is "absolutely superlative."

A more truthful assessment can be found in the Drug Enforcement Administration's confidential evaluation, described by Tim Golden in Friday's New York Times. The DEA concludes that "the government of Mexico has not accomplished its counter-narcotics goals or succeeded in cooperation with the United States government." Mexican trafficking has increased, the DEA notes, and the corruption of its enforcement agencies "continues unabated."

Though Washington finds it diplomatically inconvenient to acknowledge, Mexico has a chronic problem with drug traffickers who always seem able to secure the political influence they need to avoid arrest and prosecution. This drug corruption greases the flow of narcotics into the United States. Mexico's drug networks span the border, supplying cocaine, heroin and marijuana to American users.

Mexico must face up honestly to its drug corruption problem as it tries to create a more democratic and accountable political system.

The most flagrant abuses come from corrupt military and police officials who take payoffs to protect one set of traffickers at the expense of their rivals.

President Ernesto Zedillo's government has made efforts to reform drug enforcement, but with little visible result. Mr. Zedillo has not moved aggressively enough to clean up civilian police agencies and has relied too heavily on military officials, exposing them to the same temptations that led the civilians astray. A more vigorous cleanup might force a showdown with corrupt elements of Mr. Zedillo's Institutional Revolutionary Party, which would benefit Mexican democracy.

Meanwhile, it is misleading for Washington to assert that Mexico is

fully cooperating. The law mandates penalties, including reductions in foreign aid and limits on international lending, for countries found to be insufficiently cooperative. But these penalties can be waived in the interest of national security. That should have been done with Mexico.

Certification is a clumsy tool for encouraging better narcotics enforcement abroad. The annual review process, now required by law, forces Washington into difficult choices between papering over problems or offending otherwise friendly countries. It should be eliminated. But as long as certification remains on the books, the administration has a duty to report truthfully to Congress and the American people. It has failed to do so in the case of Mexico.

—THE NEW YORK TIMES

Other Comment

Overhauling Britain

Britain has embarked on the most ambitious overhaul of its political institutions in more than a century. Almost everything is up for grabs: regional devolution, the electoral system, the makeup of Parliament's second chamber, the rights of citizens and the role of the judiciary.

Not everything will be done; some reforms may prove half-baked, and the paradox is that such efforts to limit and codify the powers of the state are being made by a Labour government which in other respects is widely considered rather bossy.

Yet the most remarkable thing of all is that the party which has stood, traditionally, for restraining the powers of the state is now implacably opposed to any and all reform. Indeed, the Conservative Party, the nation's official opposition, has almost nothing useful to say about what amounts to a revolution in the way Britain will be governed.

—The Economist (London).

American Power and an Envious, Angry World

By Thomas L. Friedman

WASHINGTON — Saddam Hussein is a recurring figure in Middle East history — the local despot who upsets the regional order by being too rapacious at home and abroad. But while you cannot understand what's happening in this Iraq crisis without reference to some of the region's oldest political patterns, you also cannot understand it without reference to some more modern political trends — namely U.S. hegemony after the Cold War and globalization.

It is only when you combine the medieval with the postmodern that you can fully grasp this Iraq story. Let's start with the question of why the United States has virtually no allies against Iraq. There are a number of reasons, but surely a critical one is that America today stands astride the world with so much superior economic, technological and military power that it breeds two important reactions: resentment and complacency.

What does Iran call the United States today? It's not "the Great Satan" anymore. Iran says America is "the Capital of Global Arrogance." Well, guess what? That's what the French, the Russians, the Japanese, the Chinese and the Arabs also call America behind its

back. There is a deep resentment brewing out there against the United States. Part of it is sheer envy of America's recent economic success.

Part is a feeling that America throws its weight around unfairly, particularly when it comes to Arabs and Israelis. And part of it is because Americanization, from Mickey Mouse to Microsoft, has become a powerful, tempting and frequently destabilizing force, challenging every traditional society.

France, Russia, China and the Arabs are not going to go to war with America because of its dominance; they just want to make sure we Americans don't get to enjoy it. France is so obsessed about being a second-rate economic and military power compared with the United States that it would rather see Saddam keep some poison gas than side with U.S. efforts to confront him. Saddam has shrewdly tapped into this mood, presenting himself as the Arab "little guy" standing up to the American bully.

The flip side of resentment is complacency. Why are the Saudis and the other Arabs, who live right next door to Iraq, so reluctant to cooperate with the

United States in confronting Saddam? In part it's because they assume that, as the world's overwhelming, sole superpower, the United States will feel compelled to confront America or not. So the Saudis say, "Why expose ourselves to retaliation from Iraq or anger from our own street when the Americans will take care of it for free?"

Where globalization comes into the story is that it weaves together and diffuses revolutions in science, computing, miniaturization and telecommunications in a way that enables smaller and smaller groups and individuals — no matter where they live — to reach farther and faster, cheaper and cheaper.

For those with good intentions it empowers them to shape their own world or to participate in the global economy more than ever. But for those with bad intentions, or with antipathy to the United States, it empowers them to lash out more forcefully than ever.

So from one direction American hegemony fuels envy, resentment and even hatred of the United States, and from another direction globalization empowers the haters — by making more easily available the means of mass

destruction and by wiring the world so that a small bomb in the right place can create anxiety for a billion people.

That is why the main threat to America today is not another hostile superpower. There is none, for now. The main threat to U.S. and global security is the super-empowered individual — the super-empowered angry man (or woman).

That is also why the proper analogy for the Iraq crisis is not Vietnam or Munich. It's the 1993 World Trade Center bombing, masterminded by Ramzi Yousef, the quintessential super-empowered angry man. Ramzi Yousef had no political program, or ideology, other than hating America and Israel.

Saddam is Ramzi Yousef with part of a country. That is, Saddam is something more than the leader of a terrorist band but something less than the leader of a unified state. That's why confronting and disempowering him is both difficult and vitally necessary.

Saddam may be a 13th-century tyrant, but he is the epitome of the 21st-century threat. The good news is that Saddam Hussein can't be a superpower. But the bad news is that, in today's world, a lot of people can be Saddam Hussein.

The New York Times

U.S. Will Hit Hard If Saddam Reneges on Agreement

By Samuel R. Berger

The writer is President Clinton's national security adviser.

WASHINGTON — Although it may fail to satisfy those who want to use force against Iraq regardless of the context, Saddam Hussein's agreement to open all Iraqi sites to international weapons inspectors advances America's strategic objectives, either in the event that he complies with it — or that he doesn't.

If Iraq follows through on its commitment, the inspectors will for the first time have unrestricted, unconditional access to all suspect sites — including sites that the Iraqi government previously had declared off-limits. If Iraq reneges, we will respond powerfully, from a position of maximum strength internationally.

From the beginning of this crisis, the president has made clear that the best outcome for the international community was for Uncom inspectors to be given access to all locations in the country, including presidential sites and other security related installations from which they had been blocked.

The reason was simple: Despite continual harassment and deception by the Iraqi regime over the years, Uncom has been remarkably effective in locating and destroying Saddam Hussein's nuclear, biological, chemical and missile capabilities and establishing a long-term monitoring system that makes it far more difficult for the Iraqi regime to rebuild that capacity.

The president also made crystal clear that if Saddam Hussein failed to let Uncom do its work, he would use overwhelming force to seriously diminish Iraq's weapons of mass

destruction threat and its ability to strike its neighbors.

He sent Secretaries Madeleine Albright and William Cohen and Ambassador Bill Richardson around the world, not to seek approval but to explain to others our position in unmistakable terms. As a result, Saddam knew that he would be hit, and hit hard, if he did not comply.

Backed by two American and two British aircraft carriers in the Gulf, UN Secretary-General Kofi Annan went to Baghdad. We had made clear to him our two bottom lines: total, unfettered access for Uncom and the ability of Uncom to do its work in a professional and expert manner.

Saddam unequivocally committed to the first. If he complies — and I offer no odds — it will be a significant step in the long process of dismantling Iraq's weapons of mass destruction capability.

As for the second, clarifications provided in discussions between Mr. Annan and the determined chairman of Uncom, Richard Butler, have led Mr. Butler to conclude that Uncom will have operational control over all inspections and that the arrangements are "entirely satisfactory" to his organization.

The Special Group for the eight presidential sites will answer to Mr. Butler; Uncom procedures will apply; the inspection team leader will come from Uncom; the diplomats who accompany the inspection will be observers only, and for

all other sites, including those previously blocked, existing Uncom practices will apply.

Ultimately, however, as the president also made clear, "the proof is in the testing."

In the days and weeks ahead, Uncom will test Iraq's commitment. We will keep our forces in the region at a high state of readiness. Failure to allow the inspectors to go where they want, when they want, will result in the use of serious force. After two crises provoked by Iraq in four months, the time for diplomacy will be over.

The consternation of some that the guns are silent for now in part reflects an important debate about our strategic objectives in Iraq. Since 1991, the Bush and Clinton administrations have pursued a policy of containing Saddam — stopping him from threatening a region of strategic importance to the United States.

This policy has been successful. For example, when Saddam moved toward Kuwait again in 1994, we immediately deployed forces to the region and warned him to move back. He did. So long as we have the national will to sustain that policy, it serves our national interests. It is strategically sound, even if aesthetically displeasing. Saddam's threat is blocked, even if he still blights the landscape.

Two alternative approaches have been suggested. Some countries want to pursue essentially a narrow disarmament strategy — "inspect and lift." Let Uncom finish its work (and

hurry up while you're at it), then lift sanctions (which deprive Saddam and his military machine of \$15 billion a year) and reintegrate him into the international community.

But given Saddam's record, there is good reason to believe that this approach — which fails to require him to demonstrate his "peaceful intentions" by complying with all UN resolutions — would simply allow him to refinance his territorial ambitions.

Some here in the United States argue that our strategic objective should be to remove Saddam Hussein from power. There is no doubt that the Iraqi people would be better for it. We would gladly work with a successor regime that respects its neighbors and returns Iraq to its rightful place in the family of nations.

But this also is a course with substantial risks and costs. A military campaign to remove Saddam would require a major commitment of ground troops, risk large numbers of casualties and cost tens of billions of dollars. We would pursue it alone. Once we fought our way to Baghdad, it is unlikely Saddam would be waiting at the airport. I am convinced the costs — in blood, treasure and political isolation — are not justified.

Alternatively, we could seek to achieve that result by proxy — through support of Iraqi opposition groups. We have worked with the Iraqi opposition in the past and we can do so more effectively in the future. But before we embrace lofty goals, we must be sure this time that we are prepared for the ride. From Budapest in 1956 to the

Bay of Pigs in 1961 to postwar Iraq in 1991, we have learned the dangers of starting something we were not prepared to finish.

This discussion about strategic objectives is healthy. It forces us to challenge our thinking and assumptions. But unless we are prepared either to invade under current circumstances or to dismiss the threat Saddam poses — two options I reject — Saddam will be with us for some time. In the meanwhile, we must maintain the resolve, alone if necessary, to prevent him from threatening the region — in other words, to contain him.

There are four pillars to this policy. Maintain sanctions. Continue to enforce a no-fly zone over the north and south of his country to reduce the threat Saddam poses to his neighbors and his people. Insist that Uncom be permitted to do its work without conditions. Be prepared to reinforce each of these undertakings with military force.

It also means permitting the Iraqi government to sell some of its oil to buy food and medicine for the Iraqi people under strict UN supervision. Starvation is not a card we wish to play, nor to permit Saddam to play against us.

That is the policy we are pursuing. For seven years it has held in check the Gulf's most disruptive and dangerous threat and helped maintain stability in a region vital to our national interest. But, as President Bill Clinton said last week, whether that continues to be our strategy will be affected in no small measure by whether this agreement is honored.

The Washington Post

Despite Its Clout, China's Army Stays Out of Politics

By Ellis Joffe

TAIPEI — As Jiang Zemin consolidates his position at the top of China's ruling hierarchy, a new mode of party-army relations is taking shape. In this new mode, the result of changes in the political arena and in the army, China's military has an unprecedented potential for political influence.

So far this potential has been realized only in part, but it has already contributed significantly to the smooth takeover of power by Mr. Jiang. It derives from several factors.

First is Mr. Jiang's relationship with the military. Lacking the ingredients that had given Mao Zedong and Deng Xiaoping enormous personal authority — charisma, achievement and connections — Mr. Jiang

cannot count on the unconditional support of the military in possible crisis situations like Mao and Deng could during the Cultural Revolution and the Tiananmen demonstrations.

In normal circumstances, Mr. Jiang will enjoy the military's support by virtue of his institutional position and newly woven political ties. But if he falters badly, the military might back a rival.

Such a switch was previously inconceivable. The military now has a greater capacity than ever before to influence the fate of the paramount leader, which makes him more amenable to the military's views.

Military Misperceptions

IF RECENT studies of the Chinese military mentality have got it right, then one unintended result of the patchwork diplomatic settlement for the Iraq standoff may be to reinforce Beijing's instinct that America is soft, that its will is shaky and that its military capabilities are somehow less than advertised.

In 1991, when much of the world saw a massive, well-organized use of superior force and technology in the Gulf, many in China's People's Liberation Army saw something less.

That, at least, is the concern of the China specialist and Rand Corporation consultant James Mulvenon, who recently studied the senior Chinese officer corps for Rand's National Defense Research Institute.

"There are people in the PLA that believe we could only kill all those Iraqi tanks because no one was in them. They think: 'You use smart weapons too much, you have no stomach for fighting.'"

Mr. Mulvenon's informed melancholy is shared in Washington. A recent Pentagon study,

"Dangerous Chinese Misperceptions," agrees that, despite all the recent military-to-military contacts between Chinese officers and their U.S. counterparts, the picture of America apparently is still fuzzy.

A widespread Chinese belief about U.S. weakness could trigger miscalculation by Beijing. One such error would be a wholly unilateral Chinese decision to intervene suddenly in North Korea, should that failing state disintegrate and refugees pour over the border into China. Or a decision to attack Taiwan.

Of the latter, Mr. Mulvenon agrees: "Many Chinese officers think, 'You would not risk the lives of American boys and girls over Taiwan.'"

If, in the current crisis with Iraq, the Chinese mistake America's preference for smart diplomacy over smart bombs as a lack of national resolve, and if indeed top Chinese military leaders were unmoved by the overwhelming U.S. showing in 1991, one can only worry.

—Tom Plate, commenting in the Los Angeles Times.

rary, its commanders have backed away from political entanglements and have focused more than ever on professional pursuits.

There are several reasons for this.

One is Mr. Jiang's dependence on military support, which ensures that he will not stray too far from the army's preferences.

Another is a generational change that has elevated to top posts professional commanders whose primary concern is overseeing the transformation of the Chinese Army into a modern force.

Also, unlike the founding fathers — national figures who did not respect institutional boundaries — the new leaders tend to remain within the confines of their particular areas.

This tendency is augmented

by the growing clout of economic bureaucracies and their leaders, increasingly a counterbalance to the military.

China's military has used its new capacity for political influence with restraint. Economic affairs have been left to economists, which suits both the military and civilian leaders.

In foreign affairs, the army has apparently limited its involvement to issues directly related to military concerns, such as Taiwan.

The Chinese military will continue to influence policy-making. But, short of a major crisis, it will stay out of politics.

The writer, professor of Chinese studies at the Hebrew University of Jerusalem, contributed this column to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Spain's Liability

NEW YORK — It is now generally conceded that the Maine was blown up by external agencies. But it is just as well appreciated that it will be impossible to fasten the infamy upon the Spanish government. When the report of the court of inquiry is finally rendered and the American Government makes just demands for reparations, it will be amply prepared to enforce them. But no far-sighted person believes that Spain, with the force of the opinions of the nations of the earth, will deny her liability.

1923: George Ragged

LONDON — Mr. Lloyd George, former Prime Minister, was ragged when he visited Edinburgh today [March 1] to deliver his address as Lord Rector. Students pulled his car along Princes Street, and when he

reached the university they pelted the audience with leeks and flour. They also suppressed the organ recital and substituted the American ditty "Sweet Hortense" for Wagner. Owing to ceaseless interruption, the former Premier considerably curtailed his address.

1948: Manchuria Lost

NANKING — Communist Commander Lin Biao's armies are rolling over the Nationalist salient in the "industrial powerhouse" of Manchuria today [March 1], and neutral observers almost unanimously agreed that the position there is as good as lost. The Communist victory, considered the greatest since the end of the war, adds one of the richest portions of the world to the Soviet orbit. Its loss is the most dangerous threat to Generalissimo Chiang Kai-shek's twenty-two-year rule over the Chinese subcontinent.

Herald INTERNATIONAL Tribune

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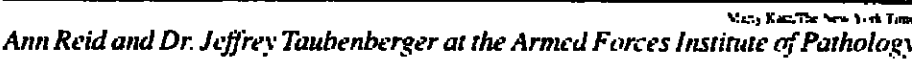
Angry World

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meaning "to beat." The suggested connection is that to avoid a feared *lamming*

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.



Ann Reid and Dr. Jeffrey Taubenberger at the Armed Forces Institute of Pathology.

By Susan Okie
Washington Post Staff Writer

But if he fails to take the diamond king he will be endplayed by the third round of diamonds and the game will succeed.

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South			
1 ♠	Dbl	2 N.T	3 ♣
4 ♠	Pass	Pass	Pass

West leads the club three.

By Don Colburn
Washington Post Service

meaning "to beat." The suggested connection is that to avoid a feared *lamming*

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GLORIA STEINEM: Her Passions, Politics, and Mystique

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By William Safire

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

By Alan Truscott

Figures as of close
of trading Friday, February 27

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This table sets out the performance of Hedges' most actively funded hedge funds through Friday and includes the top 4,000 funds in terms of assets. There are roughly 6,150 funds currently listed on HedgeTrack.

Group names are shown in bold text, with individual fund names in such groups indicated below. Funds that are not part of a group are not included.

NAV is the net asset value, i.e., the portfolio value divided by the number of shares outstanding. NAV is calculated as of the first Thursday. NAV excludes all fees or redemption charges. Change represents the variation from the previous Friday.

Name field footnotes: c = available only through a contractual plan; a = no front-end load or contingent deferred sales charge; p = fund appears are used to pay for costs; r = redemption; s = sell or contingent deferred sales load may apply; i = IPO; and s = IPO.

Price field footnotes: n = no capital gain distribution; p = previous day's quotation; a = stock dividend or split.

Bangkok Targets Push for Tourism and Trade

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And Now, **EE**

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CURRENCY RATES

Dollar Values		Percent	
Germany	1.000	Germany	100.0
France	1.000	France	100.0
United States	1.000	United States	100.0
Japan	1.000	Japan	100.0
Italy	1.000	Italy	100.0
Spain	1.000	Spain	100.0
Sweden	1.000	Sweden	100.0
Belgium	1.000	Belgium	100.0
Netherlands	1.000	Netherlands	100.0
Switzerland	1.000	Switzerland	100.0
Austria	1.000	Austria	100.0
Portugal	1.000	Portugal	100.0
Greece	1.000	Greece	100.0
Turkey	1.000	Turkey	100.0
India	1.000	India	100.0
China	1.000	China	100.0
South Korea	1.000	South Korea	100.0
Japan	1.000	Japan	100.0
United States	1.000	United States	100.0
Germany	1.000	Germany	100.0
France	1.000	France	100.0
United Kingdom	1.000	United Kingdom	100.0
Italy	1.000	Italy	100.0
Spain	1.000	Spain	100.0
Sweden	1.000	Sweden	100.0
Belgium	1.000	Belgium	100.0
Netherlands	1.000	Netherlands	100.0
Switzerland	1.000	Switzerland	100.0
Austria	1.000	Austria	100.0
Portugal	1.000	Portugal	100.0
Greece	1.000	Greece	100.0
Turkey	1.000	Turkey	100.0
India	1.000	India	100.0
China	1.000	China	100.0
South Korea	1.000	South Korea	100.0

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Mekong Gives Hope To Thailand

Bangkok Targets River For Tourism and Trade

By Thomas Crampton
International Herald Tribune

CHIANG KHONG, Thailand — Emerging from the mountains of Tibet to snake 4,200 kilometers through six nations before reaching the sea, the Mekong River has long been touted as a river road linking Southeast Asia to the wealth of landlocked southern China.

But the flow of goods and people has often been inhibited by border closures and restrictive regulations put in place by the mutually suspicious neighbors along the upper Mekong: China, Laos, Burma and Thailand.

The Thai government recently organized a friendship caravan of 25 four-wheel-drive vehicles from northern Thailand across the Mekong, through Laos and up to southern China in a bid to assist mutual understanding as well as promote trade and tourism. The passengers included Thai government officials, members of the tourism industry, a handful of journalists and a few people who simply came along for the ride.

Speaking in Yunnan Province's bustling capital, Kunming, after the five-day, 1,200-kilometer (720-mile) drive, during which various vehicle parts were torn off by potholes in the road, Thailand's top tourism official said that attracting tourists to the route was very ambitious.

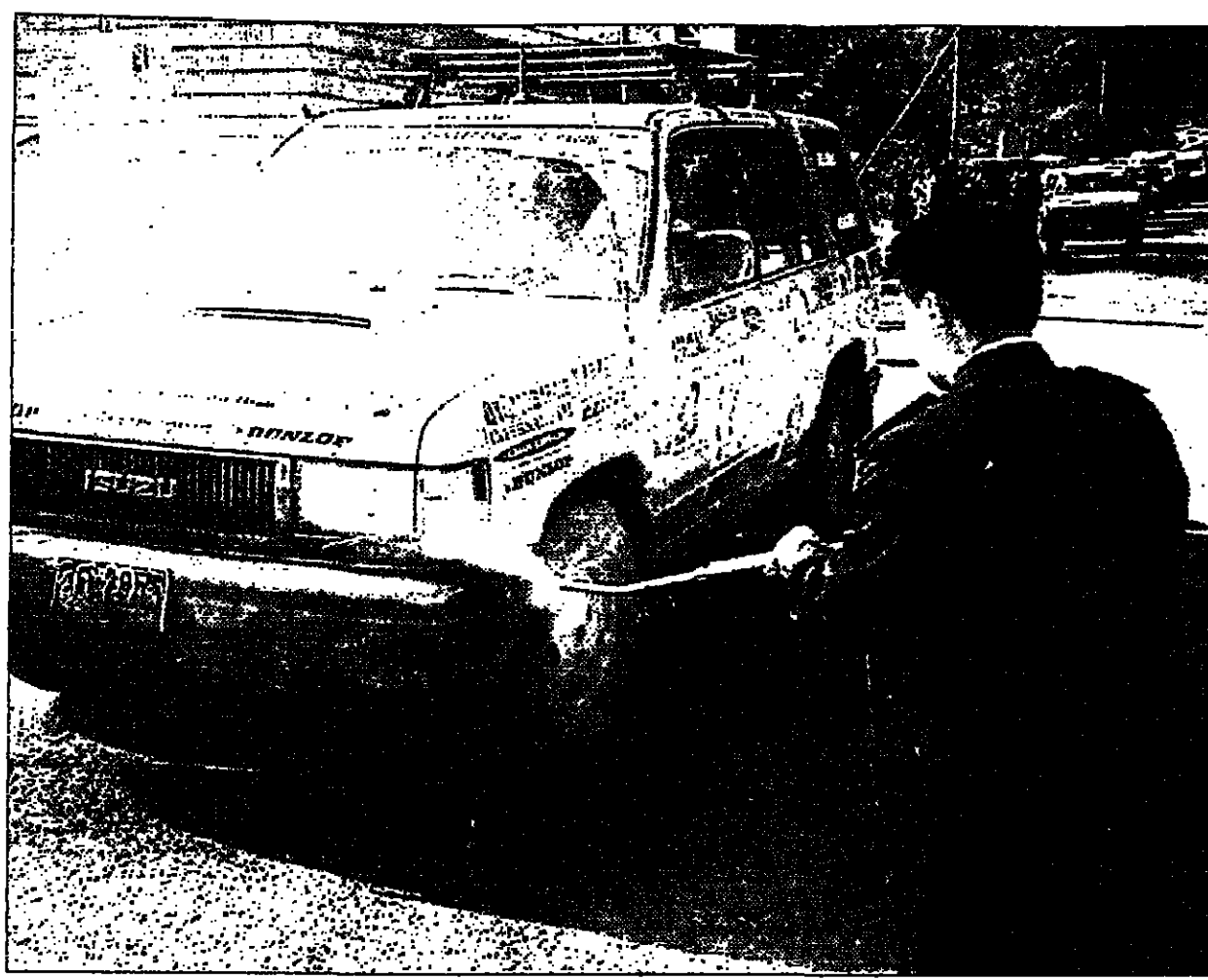
"I know it is a little bit premature to develop this route for tourists," said Seret Wongpaichit, governor of the Tourism Authority of Thailand. "But we consider this a kind of adventure trip, done to prove that this route can be taken and eventually get developed into something for tourists."

Mr. Seret's long-term goal is seamless travel across the Mekong nations, cutting back on the reams of paperwork now necessary to pass through border checkpoints. This would also allow Thailand to develop itself as a gateway to the Mekong River area.

Tourism, one of Thailand's biggest foreign-currency earners, is an industry earmarked to help lift the economy out of its current crisis.

But overdevelopment and the opening of such destinations as Cambodia, Vietnam and Burma have diminished Thailand's appeal, siphoning off visitors.

The number of Chinese tourists traveling to Thailand, which grew rapidly in the mid-1990s, came to a halt last year when Beijing cut back the right to ar-



A Chinese official spraying disinfectant on a vehicle in the Thailand-Laos-China Friendship Caravan as it entered Yunnan Province. Bangkok organized the 1,200-kilometer trek to promote trade along the Mekong.

range foreign travel from virtually any travel office in China to a select set of 60 travel agencies.

One businessman who is all-too-familiar with the limits imposed by the Mekong region's regulations is Tanomak Serichayawatt, a Thai entrepreneur who spent a month hauling a 40-meter (132-foot) boat overland from Yangtze to the Mekong River in order to start a tour-bus service linking Yunnan to Thailand.

For three years, Mr. Tanomak was prohibited from carrying any third-country tourists between Thailand and China, cutting out Westerners who were a prime target for his venture.

As soon as regulations were eased last year, Westerners accounted for nearly 20 percent of his passengers. Mr. Tanomak said of his business: "I hope it will soon start making money."

The border between Laos and China, which is periodically clamped shut, has now opened enough to allow Chinese tourists across to experience a much-coveted trip abroad for a few hours.

Catering to these visitors, more than 20 wooden shops have sprung up in the Lao village of Ban Boten in the last two years, offering such household goods as Palmolive soap, Close-Up toothpaste

and underwear. Smuggled across the Mekong River from Thailand, the goods are cheaper than in China. They are not subject to the same taxes, said Seuvane Sayavong, a shop owner.

Trade across the border continues with truckloads of vines that the villagers cut from the jungle and sell to traditional Chinese medicine makers in Kunming.

When China relaxed import regulations a few years ago, used cars from Ban Boten created a traffic jam of north-bound cars on the jungle trails that cross Laos.

Subsistence farmers in the village made fast cash renting fallow rice paddies as parking lots to car dealers.

"It was strange to see so many Japanese cars here," said Pali Darawong, manager of the Lao government duty-free shop at the border.

When Beijing tightened the border again, Ban Boten's traffic quickly returned to its former mix of cows and the occasional camouflage-green Soviet-made truck.

The region still has a long way to go to develop the infrastructure needed to welcome international tourists, according to Louis Fassbind, chairman of the Thailand chapter of the Pacific-Asia Travel Association.

"There are hotels, but they are not

very comfortable," he said. "This region will remain very much a niche market limited to adventure travel visitors for many years to come."

But while there was hardly a decent place to stay in the southern Chinese city of Jing Hong five years ago, tourists now have more than 100 hotels to choose from, including a handful in the three- and four-star category.

Tourists from all over China come here to walk along the palm-lined avenues and get a taste of the subtropical climate in Yunnan Province.

Chinese tour groups see the exotic plants growing in the botanical gardens, drive to the nearby Burmese border for a few hours abroad where they buy some jade and later stop at a park celebrating one of the region's ethnic minorities.

Despite the attractions, not all the expected tourists have come. Half-built hotels poke up into the sky, and the city's newest lodging, the four-star Tai Garden Hotel, had less than a third of its 172 rooms full in the days preceding the Chinese New Year holiday.

"With the currencies falling in Southeast Asia, rich people prefer to spend 6,000 yuan for a trip to Bangkok rather than 3,000 yuan for a trip to Jing Hong," an assistant manager said.

The meeting of EU heads of state at which it was decided to proceed with monetary union.

ABN-AMRO Bank began detailed planning two-and-a-half years ago, said Ewoud Schuitmaker, a vice president of the Dutch bank. "It was a very major project," he said, "comparable to the efforts we made after the merger of the ABN and AMRO banks in 1991, which entailed four years to consolidate domestic networks and bring everything under the same computer system."

As a result, he said, even though the bank will lose much of its foreign exchange business, it will be well placed to take advantage of new opportunities in the euro zone, which will allow companies to trade seamlessly across frontiers in the world's largest market.

If Germany has been a source of much of the skepticism about monetary union, German companies have been among the first to see the advantages of the single currency. A Daimler-Benz AG spokesman, for example, said the company had never heeded the skeptical voices and had decided early on to adopt the euro as the corporate currency from Jan. 1, 1999.

With most governments making it possible for companies to report their accounts in euros as of January, Mr. Michielsen said he was optimistic that large companies would adopt the new currency sooner rather than later.

While much of the population remains ignorant about the single currency and many small companies have yet to make plans to adopt it, governments, central banks and the financial-services sector have accomplished a vast amount of detailed planning.

"We started our preparations in 1995 even before the Madrid summit," said Jan Michielsen, head of euro-planning at the Belgian national bank, referring to



And Now, EU Gets Down to Details of Euro Launch

By Barry James
International Herald Tribune

BRUSSELS — With 11 nations claiming they qualify, the move toward a European single currency, the euro, faces a series of technical and political hurdles.

European Union leaders will meet in Brussels on May 2-3 to decide which countries should be in the first group to adopt the currency, to set the rate at which existing currencies will convert to the euro Jan. 1, and to appoint a head of the European Central Bank, which will begin operations July 1.

Before then, the European statistical office, Eurostat, will verify the figures presented by governments Friday on their economic performance in 1997. The European Commission, the EU's executive body, will issue its judgment March 25. And both the German Bundesbank and the French central bank are scheduled to review the figures independently to allay public fears that the data are false or unsustainable.

If the figures are seriously challenged, it could produce instability in the markets until the issue is settled, but EU officials said this was unlikely. They said it was virtually certain for political reasons that European Monetary Union will start with all 11 candidates. Central bank heads have said they are ready

with a raft of undisclosed measures to deter speculation between the time the countries are chosen and the start of EMU in January. The possibility they might use their huge gold stocks to keep the market steady has driven down the price of the commodity.

Once the lineup is established, Europe will embark on one of the biggest product launches in history, printing 12 billion banknotes and 300,000 tons of coins, while preparing the public for the changeover, which will take place in two stages.

From January, companies and individuals will be able to use the euro for check, credit card and script transactions.

In 2002, euro banknotes and coins will replace national currencies. There will be no obligation to use the euro before then. During the interim period, existing currencies will be considered units of the euro.

Most governments are awaiting the May summit meeting before launching advertising campaigns directed at the public rather than the financial market.

One exception: Italy, which imposed a special tax to prepare for euro entry, has been at pains to enlist public support. It has been running a campaign based on Walt Disney's Uncle Scrooge, who had the idea of creating a single currency for the ducks of a distant planet called Ba-

Zar, who had to use 937 currencies to make purchases at a local market.

Many practical details concerning the euro's introduction must still be worked out. At a roundtable organized by the European Commission last week, banks said they wanted to be compensated for the cost of handling, storing and insuring euros.

The commission insists that these costs must not be passed on to consumers. Yves-Thibault de Silguy, the commissioner in charge of the switchover, said he would seek to promote a "standard of good practice" on many aspects of the euro's introduction, such as the dual display of prices or the exchange of banknotes and coins for the new currency. Only if the commission found that good standards were not enforced by market pressure, Mr. de Silguy said, would the commission consider introducing legislation.

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Aetna Gets Acquisitive

Insurer Has Its Eye on New York Life Unit

By Joseph B. Treaster
New York Times Service

NEW YORK — Aetna Inc., one of the largest health insurers in the United States, is in discussions to buy the health-care subsidiary of New York Life Insurance Co. in a deal that would be valued at about \$1 billion.

An agreement to buy the unit, NYLCare Health Plans, is expected to be reached within the next few weeks, people close to the deal said.

Spokesmen for Aetna and New York Life declined to comment on whether their companies were in negotiations. But the people close to the deal said the talks had been under way for some time and were moving toward conclusion.

Aetna has been growing quickly through acquisitions, while focusing on health care operations and shedding other businesses. One that has been for sale is Aetna's life insurance business.

Aetna is expected to use the proceeds of the sale of the life insurance business — which analysts say would fetch about \$1.2 billion — to buy another health insurer, an investment banker said.

"A number of targets had been mentioned, including NYLCare," said the banker, who did not wish to be named.

At one point, the banker said, Oxford Health Plans Inc. was considered a possible acquisition target for Aetna. But Oxford has suffered sharp losses in the last few months, which made it a less attractive target.

NYLCare provides health care coverage to about 2.5 million people — about 1.5 million of them in managed-care networks — and had revenue last year of about \$3 billion. It provides coverage in every state, but is strongest in metropolitan New York, the Washington-Baltimore region and Texas.

It has been losing money for the past

two years, but, even so, it could be attractive to a bigger insurer like Aetna, said Douglas Sherlock, the founder of Sherlock Co., a Philadelphia research firm, because it could significantly add to Aetna's market share in some important regions.

Greater market share, Mr. Sherlock said, gives insurers more leverage in negotiating prices with doctors and hospitals. "If you have two competitors in a market, a merger is going to produce higher value to the acquirer than either company had separately, because of the added negotiating power," he said.

In discussing its future, Aetna has told analysts that one of the most prized attributes of potential acquisitions would be large concentrations of customers. Concentration means fewer regulatory procedures than with widely dispersed customers, who are also often served by different kinds of operational systems that can prove difficult to integrate with the systems of the acquiring company.

For New York Life, a sale of NYLCare would be a way of focusing more sharply on traditional insurance, annuities and asset management — the primary goals of Sy Sternberg, who became chief executive about a year ago.

New York Life, which has not yet reported financial results for 1997, had \$18.3 billion in revenue in 1996. The company also runs the Mainstay family of mutual funds.

Aetna, long a provider of traditional health insurance, became a giant in managed care in 1996, when it bought U.S. Healthcare for \$8.2 billion. In 1997, its first full year with U.S. Healthcare under its wing, Aetna's revenue was \$18.5 billion.

But absorbing U.S. Healthcare has been more difficult than anticipated. Aetna's third-quarter earnings last year were 16 percent short of analysts' estimates.

On South Korea's Horizon, More Trade With North

By Don Kirk
International Herald Tribune

SEOUL — South Korea is on the verge of lowering the barriers that have blocked South Korean companies from investing in more than minor projects in North Korea, officials said Sunday.

The government "plans to radically simplify administrative procedures on investment in North Korea," the semi-official Yonhap news agency reported.

Officials indicated the government's hopes for increased commerce with the North as President Kim Dae Jung renewed his call for exchanging envoys between North and South and holding reunions between families separated by the Korean War, which ended in 1953.

Mr. Kim, declaring himself ready "to respond to proposals for dialogue at any level," said that "a minimum amount of interaction must happen" but set no conditions for raising the level of trade and investment. Mr. Kim sees an increase in commerce between North and South as a crucial first step toward reconciliation, in the view of observers here.

"The government is talking about step-by-step deregulation of economic contacts with North Korea," said Selig Harrison, a Washington-based expert who has visited North Korea a number of times. "If they implement what they say they are going to do, that will make a big difference."

Mr. Harrison said Mr. Kim was approaching North Korea in a manner very different from that of his predecessor, Kim Young Sam, who discouraged more than minimal contact.

"The question is how fast Kim Dae Jung can move," Mr. Harrison said. "He wants change early on in the economic field. He believes in separation of economic concerns and politics."

South Korea revealed its plans for sharply improving trade with the North on the eve of talks here Monday with a U.S. team led by Charles Kartman, assistant secretary of state for East Asian affairs. Mr. Kartman will discuss the next round of four-party talks in Geneva

on March 16 among representatives from the two Koreas, the United States and China. Mr. Kim's aides are believed to have suggested that they would not object if the United States wished to improve its ties with North Korea, possibly even by recognizing the North Korean government in Pyongyang and easing trade sanctions.

Such an attitude on the part of South Korea would represent a sharp reversal from the stance of previous governments, which have always been suspicious of any suggestion of relations between Pyongyang and Washington as a ruse to undermine the U.S.-South Korean alliance.

Mr. Kim's advisers have reportedly suggested that the government may more than double the amount that South Korean companies can invest in the North from the current ceiling of \$5 million and also may ease restrictions for businessmen on travel to the North.

They cited the \$5 million ceiling, set by Kim Young Sam in 1994, as having discouraged all but a handful of potential investors, some of whom suffered heavy losses in hopes of long-range profits if North-South relations improve.

Another measure that might encourage investment in North Korea is a proposal for compensating business interests for losses in the North.

North Korean authorities, desperate for foreign exchange amid worsening food shortages, are assumed to be eager for improved trade and investment with the South even though the North's initial response to Mr. Kim's inaugural address calling for exchange of envoys was cool.

Amid repeated denunciations of Kim Young Sam, the North has welcomed investment from Daewoo Group, South Korea's fourth largest chaebol, or conglomerate, which operates factories producing textiles and toys in the west coast port of Nampo. Other chaebol maintain small plants that produce textiles from raw material shipped from the South. The finished products, without North Korean labels, are then sent back to South Korea.

CURRENCY RATES

Cross Rates	Feb. 27
Australian dollar	1.444
British pound	1.641
Canadian dollar	1.418
French franc	163.36
German mark	1.366
Italian lira	2,036
Japanese yen	107.06
Netherlands guilder	1.376
New Zealand dollar	1.271
Portuguese escudo	200.48
Spanish peseta	166.64
Swedish krona	8.466
Swiss franc	1.475
Taiwan dollar	36.436
Thai baht	54.937
U.S. dollar	1.000
Yuan	8.276

Other Dollar Values	Feb. 27
Australian dollar	0.754
British pound	0.634
Canadian dollar	0.634
French franc	0.063
German mark	0.634
Italian lira	0.002
Japanese yen	0.009
Netherlands guilder	0.634
New Zealand dollar	0.634
Portuguese escudo	0.002
Spanish peseta	0.002
Swedish krona	0.008
Swiss franc	0.634
Taiwan dollar	0.024
Thai baht	0.037
U.S. dollar	1.000
Yuan	0.008

Forward Rates	30-day	60-day	90-day
Australian dollar	1.444	1.444	1.444
British pound	1.641	1.641	1.641
Canadian dollar	1.418	1.418	1.418
French franc	163.36	163.36	163.36
German mark	1.366	1.366	1.366
Italian lira	2,036	2,036	2,036
Japanese yen	107.06	107.06	107.06
Netherlands guilder	1.376	1.376	1.376
New Zealand dollar	1.271	1.271	1.271
Portuguese escudo	200.48	200.48	200.48
Spanish peseta	166.64	166.64	166.64
Swedish krona	8.466	8.466	8.466
Swiss franc	1.475	1.475	1.475
Taiwan dollar	36.436	36.436	36.436
Thai baht	54.937	54.937	54.937
U.S. dollar	1.000	1.000	1.000
Yuan	8.276	8.276	8.276

China Plans \$32.5 Billion Domestic Bond Issue to Bail Out Ailing Banks

By Steven Mufson
Washington Post Service

BEIJING — China has unveiled plans to float a \$32.5 billion domestic bond issue in an effort to recapitalize its ailing banks and avert the type of financial crisis that has stricken many other Asian countries.

The money would be used to resuscitate China's four giant state-owned commercial banks, which are technically insolvent because of about \$200 billion in nonperforming loans, most of them made to state-owned enterprises.

Although the bond issue, made public Saturday, had been mentioned privately for weeks by Chinese economic planners, its size surpassed the expectations of most foreign analysts. It would be a major step toward buttressing the banking system, which a World Bank report last year called the "soft underbelly" of China's economy.

"The bond issue is very necessary to raise the credibility of

state-owned commercial banks and their ability to compete in international financial markets," the Standing Committee of the National People's Congress, which approved the issue, said in a statement issued Sunday through the official Xinhua news agency. It would "strengthen public confidence in state-owned commercial banks," according to the statement.

In January, the head of the Chinese central bank, Dai Xianglong, said more than 20 percent of state bank loans were nonperforming and 5 percent to 6 percent of those loans were unrecoverable.

But some analysts still warn that China must do more to repair a banking system laden with dead-beat loans. It also must change the lending practices that are driven by political considerations and ignore the financial risk and creditworthiness of borrowers.

Kenneth Lieberthal, a professor of Chinese politics at the University of Michigan, said: "It is not ad-

equated to simply provide the banks with capital to make them whole again. The key is on the lending side, because the banks have been lending for years to state-owned enterprises at government direction."

"Money has been pouring down a black hole" in China's banking system, Mr. Lieberthal said. "Until you close it off, it doesn't make that much difference to put a little more money in the pot."

Recently, the government has moved to make it possible for banks to start using their own judgment when making loans.

The government announced the end of credit quotas, which were used to channel or limit the flow of funds to certain industries and enterprises. In addition, banks were given the ability to adjust interest rates within a modest band to take risk into account, instead of simply lending at the same rate across the board. There also has been discussion of creating a special agency modeled on

the U.S. Resolution Trust Corp., which worked out bad loans from the savings and loan banking collapse of the 1980s.

The statement Sunday by the Standing Committee urged the four major banks — Industrial & Commercial Bank of China, Agricultural Bank of China, Bank of China, and Construction Bank of China — to "effectively prevent financial risk."

According to the World Bank, the four banks account for more than 90 percent of China's bank assets and two-thirds of all financial assets.

But preventing financial risk will be easier said than done when so few people are trained to assess risk and when proper accounting is rarely found at enterprises that apply for loans.

The bond issue is probably just the first part of a broad package of economic policy initiatives expected during the annual weeklong meeting of the Chinese legislature, when China's chief economic poli-

cymaker, Zhu Rongji, is expected to become prime minister.

The session formally opens March 5, but a plenum of the ruling Communist Party this past week probably has made the most important decisions already.

Other expected measures include a public works and infrastructure spending program to alleviate unemployment for workers laid off at state-owned enterprises; further layoffs at state enterprises; a streamlining of government bureaucracy with the abolition of major government ministries, and an expanded social safety net.

Economists have said a domestic bond issue is the best way for the government to raise capital for the banking sector. The volume of outstanding government bonds in China is fairly small, running at about 7 percent of gross domestic product, well below the 60 percent or so levels considered normal for developed countries. The new bond issue would equal about 3 percent of GDP.

CAPITAL MARKETS ON MONDAY

Fears of Deflation Persist Even as Stock Markets Shrug Off the Asian Crisis

By Carl Gewirtz
International Herald Tribune

PARIS — Money talks. And the message from the record high stock markets in U.S. and European stock markets is that the crisis in Asia has come and gone with amazingly little worldwide impact.

That message might even be correct. For most onlookers, the initial impact has been only favorable. The disruption in Asia has dramatically reduced demand for raw materials. The price of crude oil is down some 30 percent over the past six months, helped also by a mild winter. Industrial metals prices are also sliding. Moody's Investors Service Inc. reported that its metals price index was at a three-and-a-half-year low and 16.7 percent below its year-earlier level.

While bad news for nations belonging to the Organization of Petroleum Exporting Countries as well as such ex-

porters of primary products as Australia, the decline in commodity prices is great news for inflation watchers in the industrialized countries.

France, for example, reported that inflation in January rose a scant 0.5 percent from the previous year, the lowest monthly reading in 40 years — a contributing factor in sending the CAC-40 stock index to a record high.

Falling inflation pulls down market interest rates — long-term rates in all the major markets are flirting with modern lows — and the combination sends stock prices soaring. Not surprisingly, measures of consumer confidence are at near-record levels.

"There's a tendency to view weak energy and commodity prices as a kind of free gift," said John Lipsky of Chase Manhattan Bank in New York. "and to overlook the fact that prices are falling because global growth is weakening."

John Llewellyn of Lehman Brothers

in London said that it would be "obviously guesswork at this stage to estimate how big an effect the fall in demand in Asia will have on the rest of the world."

But Mr. Llewellyn predicted "a significant impact" on the industrialized countries, in which growth rates will fall well below what otherwise would have been expected. He also forecast "a substantial but not unhealthy slowdown."

Both experts said they expected the key U.S. interest rate set by the Federal Reserve Board to fall by at least half a percentage point from the current 5.5 percent.

Their predictions conflict with the view of the Fed chairman, Alan Greenspan, who reported to Congress last week that events in Asia were likely to restrain the need for a rise in interest rates.

"It's become fashionable to suggest that the worst of the Asian crisis is over," said John Makin, an economist at

the American Enterprise Institute, a conservative U.S. policy organization.

"The world economy may not have entered a deflationary crisis yet," he said, "but I have yet to see any evidence to contradict the idea that we are getting closer."

He said that there was much excess supply and that its deflationary consequences were being transmitted in a remarkably orderly way from Asia to the United States, Europe and Latin America.

Unaware of the urgency and fixated on the fear of inflation, he added, central banks are doing nothing to head off the approaching storm.

Meanwhile, the foreign-exchange market appears not to know which way to turn. Expectations are running high that the yen will weaken dramatically after April 1, the start of the new fiscal year in Japan. But almost daily rumors in Tokyo about impending government

spending programs — the latest rumored figure being 20 trillion yen (\$157.29 billion) — to stimulate activity are flayed by non-Japanese analysts as flagrant government attempts to push the Nikkei stock index above 18,000.

At that level, unrealized profits on securities holdings would greatly assist the nation's banks in reporting adequate capital in their annual reports.

As a result, the dollar trades in a narrow range in Tokyo.

In Europe, the dollar is constrained by conflicting views over the direction of the next moves in U.S. and German interest rates.

Bond markets are also looking for direction. Activity in the international market was muted awaiting the outcome of two huge offerings that are expected to surface this week: up to \$5 billion in debt from the World Bank and another \$4 billion from Fannie Mae. If the World Bank issues 10-year bonds and the Fed-

eral National Mortgage Association sells three-year notes, bankers say there will be less conflict than if Fannie Mae opts for a five-year issue.

Last week, Greece sold \$1-billion worth of 10-year bonds through a global issue that underwriters said was mostly placed in Europe. The bonds were offered at a spread of 132 basis points, or 1.32 percentage points, above comparably dated U.S. government paper.

Sony Corp. also made a global offering of \$1.5 billion in five-year notes that were mostly sold in the United States. Offered at a spread of 57 basis points over U.S. notes, the Sony paper ended the week trading at a spread of 53 basis points. Underwriters said demand exceeded \$2.5 billion.

In the high-yield market, the city-owned Moscow Telephone is expected to offer this week \$100 million worth of three-year notes carrying a coupon of more than 12 percent.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Feb. 27. Prices supplied by Telekurs.

Risk Name	Cpn	Maturity	Price	CY14
Argentine Peso				
216 Argentine FRN	2.98	04/01/07	93.98	3.16
Austrian Schilling				
157 Austria	4.3000	07/15/03	96.5500	4.3600
178 Austria	5	01/15/08	99.9900	5.0100
British Pound				
115 Fin Resid Hous	11.1260	09/30/00	140.4455	7.92
131 Amnigton 4	zero	12/07/22	179	6.90
144 Amnigton 4 FRN	8.09	01/22/23	98.00	8.26
179 Air Volley FRN	7.65	11/04/29	99.81	7.67
210 World Bank	4%	09/10/02	97.869	4.34
248 Fannie Mae	6%	06/07/02	101.125	6.80
Danish Krone				
12 Denmark	7	11/15/07	113.2200	6.1800
21 Denmark	8	03/15/06	118.5100	6.7500
32 Denmark	8	03/15/06	105.7200	6.6800
42 Denmark	9	11/15/00	111.40	8.0800
43 Denmark	6	12/16/99	103.0200	5.8200
51 Denmark	6	01/15/04	113.04	7.3000
52 Denmark	8	03/15/03	114.45	6.9900
53 Denmark	7	12/15/04	111.2300	6.2900
54 Denmark	8	11/15/01	111.2500	7.1800
55 Denmark	8	01/15/02	105.2300	7.8500
56 Denmark	6	11/15/02	105.2300	7.1800
57 Denmark	7	10/01/29	100.2000	6.9900

Risk Name	Cpn	Maturity	Price	CY14
Japanese Yen				
181 World Bank	2	02/01/08	101.3704	1.9700
182 World Bank	2	02/01/08	101.3704	1.9700
209 World Bank	4%	02/01/08	101.3704	1.9700
238 World Bank	4%	02/01/08	101.3704	1.9700
239 World Bank	4%	02/01/08	101.3704	1.9700
Spanish Peseta				
193 Spain	7.90	02/28/02	112.026	7.05
247 Spain Bonos	6	01/31/08	106.6463	5.23
Swedish Krona				
77 Sweden 1036	10%	05/05/00	110.8940	9.2400
122 Sweden	10%	05/05/00	110.8940	9.2400
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Bonds' February Setback Heartens Optimists

Bloomberg News

NEW YORK — U.S. bonds posted their first monthly drop in six months during February as expectations for an imminent Federal Reserve Board interest rate cut evaporated.

Republicans' Tax-Cutting Zeal Faces Some Obstacles

By Richard W. Stevenson
New York Times Service

WASHINGTON — Debates about overhauling tax policy have never lacked vigor, but for the last 15 years they have been restrained by the huge federal budget deficit, which has rendered talk of any sweeping tax reduction largely academic.

Now, the deficit is all but gone, and the tax-cutting wing of the Republican Party is pushing the prospect of big surpluses that could be returned to voters by lowering taxes.

But they have already run head-on into another fiscal problem, the impending insolvency of the Social Security system, and the determined opposition of President Bill Clinton, who views large-scale tax reductions as an excuse to eviscerate needed government programs; he even sees a risk that the tax cuts would plunge the budget back into deficit.

As a result, a lengthy, high-volume political clash is likely to extend through this year and next and

into the presidential race in 2000, encompassing not just the size and composition of any tax cuts but also the very nature of the tax system.

To the extent there is a surplus, it enables the Congress to propose all these tax changes.

On an ideological level, the conflict is clearly drawn. Although there is a growing rift within the Republican Party about how hard to push this year for a big tax cut, many Republicans see taxes as the economy's No. 1 enemy, sapping the nation's entrepreneurial spirit, leaving families working ever harder to make ends meet and feeding the growth of an intrusive, power-hungry federal bureaucracy.

Some Republicans see big tax cuts as a good start, but their ultimate goal remains a radical overhaul of the way the federal government raises revenue, starting with the abolition of the progressive income tax and its replacement with a single-rate flat tax or some form of

not at the risk of repeating what happened after President Ronald Reagan's big tax cuts in the early 1980s, when the deficit spiraled out of control, undercutting the economy's health.

What the nation can afford, they say, is a set of modest reductions and credits that address specific problems, like paying for child care and college.

The administration proposes \$24.6 billion worth of these narrowly drawn tax cuts and breaks over the next five years, paid for by the elimination of what it calls unwarranted tax breaks and loopholes.

Mr. Clinton favors tightening rules on the tax treatment of real estate investment trusts and annuities, and changing the way multinational corporations are taxed on their sales abroad. All these proposals are strenuously opposed by the industry involved.

The Republicans have not totaled the cost of their various tax-cutting proposals, but many of them would

reduce federal revenues by large amounts.

For example, one of their main goals is to eliminate the so-called marriage penalty, the quirk of the tax code that often makes the taxes owed by a husband and wife who both work and who file jointly higher than the sum of those owed by two single persons with the same incomes.

The revenue loss from substantially eliminating the penalty could approach \$30 billion a year, although there are less expensive proposals that would reduce the penalty without wiping it out.

By comparison, the package of tax cuts included in last year's bipartisan budget agreement amount to \$9 billion this year, rising to \$35 billion a year by 2003.

Any talk of broad tax cuts, Democrats say, must wait until the country solves the looming problems of Social Security, which provides for retirement benefits and disability payments. And they view the Republican proposals for overhauling the tax system as nothing more than a tax break for the wealthy at the expense of the middle class.

"Under no circumstances can we take any steps that will undo the fiscal discipline we have worked so hard to achieve," Treasury Secretary Robert Rubin said. "We propose targeted tax cuts that are fully paid for, in the context of a balanced budget, to benefit working families. We believe there should be no tax cuts that are not fully paid for."

In political terms, the outlook is murky for tax legislation this year. Heading into the midterm congressional elections in November, Republicans are eager to keep taxes at the top of the agenda, believing that tax cuts will be a winner on the campaign trail.

But the Republicans remain divided about how to pursue their tax agenda, and they have not yet found a way to pay for the tax cuts they favor. Mr. Archer wants to use half of any surplus for tax cuts. Representative John Kasich, Republican of Ohio, the chairman of the House Budget Committee, says Congress should look first to further cuts in government spending to offset tax cuts.

Seeing great political risk in opposing Mr. Clinton's call to put the surplus off-limits until the problems of Social Security are addressed, some Republicans are eager to seize on another of the White House's initiatives, creating a \$65.5 billion pool from the proceeds of a settlement with the tobacco industry, and turn it to their advantage.

Instead of spending the money from a tobacco settlement on social programs like hiring more elementary school teachers and building and renovating schools, some Republicans want to designate any windfall from a tobacco settlement for broad-based tax cuts.

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SHORT COVER

Japanese Official Calls for Spending

OTTAWA (Bloomberg) — Taku Yamasaki, an official of the governing Liberal Democratic Party, said Sunday the government should front-load public works projects at an unprecedented level to shore up the economy.

He proposed moving the start date for more than \$2 percent of public works expenditures scheduled to begin in April 1999 to this April.

He also said his party would compile another economic stimulus package as early as next month. The package will include plans to use public money from postal savings and life insurance programs to support the stock market.

Pan Am Quits Financing Talks

MIAMI (Bloomberg) — Talks between a New York investment firm and Pan American Airways Corp. and Pan American World Airways Inc. have stalled, and the soonest the discount carriers could begin flying again is midweek.

The carriers said Saturday that the financier Carl Icahn was one of several potential investors with whom they were negotiating for the financing they need to resume operations.

The airlines stopped flying and filed for Chapter 11 bankruptcy protection on Thursday, a week after their parent company, Pan Am Corp., cut about 250 jobs, or 17 percent of its work force. The filings did not include Pan Am Corp.

Japan May Lift Air Fare Rules

TOKYO (AFP) — Japan is considering liberalizing domestic airfares in a move likely to set off a price war, a business daily reported Sunday.

A government transportation advisory panel has drafted a proposal to abolish a pricing system that requires airlines to keep domestic airfares within a preset range, the Nihon Keizai Shimbun said.

Under the present system, the Transport Ministry allows airlines to set domestic fares no lower than 75 percent of ceilings it prescribes on the basis of transportation costs, the report said. But while the proposal sets no limit on prices, it contains provisions to block sharp increases on routes operated exclusively by a single airline.

Pamodzi Plans to Buy Foodcorp

JOHANNESBURG (Reuters) — Pamodzi Investment Holdings said Sunday it would bid for a 50.1 percent stake in Foodcorp Ltd. through a 1.8 billion rand (\$364.5 million) buyout.

The deal calls for a three-part consortium led by Pamodzi and supported by FirstCorp Capital and Foodcorp management to take full ownership of Foodcorp. Foodcorp would then be delisted from the Johannesburg Stock Exchange.

The deal would mark the first time that a black-owned company took a controlling position in one of the country's largest food companies, said Andre Roux, chief executive of FirstCorp Capital.

India to Shoot for 7% Growth

NEW DELHI — India will target a 7 percent average annual growth rate until 2002, the Planning Commission said Sunday.

The country expects private capital to play a major role in ensuring the growth of its gross domestic product, the commission chairman, Madhu Dandavate, said after releasing the draft of a five-year plan.

"Because of inadequate capital, large unemployment and wide technological gaps in some sectors, India's economy should harmonize the roles of the state, the market and the cooperatives" to achieve this growth, he said, adding, "Foreign investment will be welcome, particularly in sectors with large technological gaps."

India's gross domestic product expanded 7.5 percent during the year ended last March 31, led by 7.9 percent growth in the agricultural sector.

Brokers Put on Notice Over Laundering

Bloomberg News

WASHINGTON — The U.S. Treasury Department will propose rules requiring securities brokers to report evidence of possible money laundering, as banks now must do, Treasury and Securities and Exchange Commission officials said.

The proposal, to be issued in the next three months, comes as criminal prosecutors are stepping up their investigations of securities fraud. At least two brokers were charged with money laundering following an FBI sting in October 1996 that led to the arrest of 45 stock promoters, company officers and brokers.

Catherine McGuire, chief counsel of the SEC's market-regulation division, said the proposal would increase the responsibility of broker-dealers to report suspicious activity involving the possible concealment of funds.

"Brokers need to know this is coming down the pike," Ms. McGuire said Saturday at the "SEC Speaks" conference in Washington.

The proposal is being developed by Treasury's Financial Crimes Enforcement Network, one of the department's five law-enforcement bureaus, a Treasury spokeswoman said. It will be issued for comment for 90 days, and Treasury officials will review the responses before deciding whether to adopt the rule.

Money laundering occurs when illegal proceeds are concealed, often through banking or currency transactions. A broker who defrauds investors might seek to mask the source of this illicit activity by cycling the investors' money through a foreign broker, said Henry Klehm, a senior SEC enforcement official in New York. Illegal drug proceeds can be laundered through investments made with a brokerage, he said.

The Securities Industry Association, which represents 800 of the largest U.S. brokerages, has been working with Treasury officials on the proposal.

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Caspian Oil Talks Consider Turkey Pipeline

The Associated Press

ISTANBUL — A meeting of oil-producing countries of the Caspian Sea started Sunday with cautious support for a pipeline through Turkey.

But participants appeared divided on other issues related to the exploitation and transportation of the oil, especially regarding the role of Russia and the sharing of the Caspian basin.

Hoping to cash in on the oil and natural gas reserves of the Caspian, estimated to be second only to the Middle East, Turkey managed to bring together Azerbaijan, Kazakh-

stan and Turkmenistan to see whether it could win political commitment for its pipeline proposal. Georgia joined the meeting as another transit route candidate.

Foreign ministers said there were varying levels of support for the Turkish proposal to bring oil and gas from Azerbaijan's capital on the Caspian, Baku, to the Turkish Mediterranean port of Ceyhan.

Foreign Minister Ismail Cem of Turkey would not say whether Russia, which was not at the meeting, had been invited. Russia has Caspian shoreline and is involved in several pipeline projects to carry the region's oil to Western markets.

Russia and Turkey have been vying for influence on Central Asia since the breakup of the Soviet Union, but recently Turkey has shifted to a more conciliatory approach, arguing that both could have economic gains from the region.

U.S. oil companies are active in exploration and early production in the region. Washington has leaned heavily toward Turkey for the transportation of the oil and as recently as last week voiced strong support for Baku-Ceyhan pipeline.

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SUHARTO: Indonesia to Seek Homegrown Solution to Crisis

Continued from Page 11

procedures, has removed state funding for expensive and money-losing projects and has begun restructuring its ailing banking system.

In spite of the steps, he said, "the exchange rate of the rupiah continues to be weak."

"It strengthens for a while," he said, "then sinks again."

Unemployment is growing, he said, and prices are rising for both imported and locally produced goods, including medicines.

"People's lives are becoming more difficult," he said, adding that he shared the distress of housewives struggling to feed their families.

The president said the region's economic difficulties, which began a year ago in Thailand, had struck Indonesia much sooner and harder than had been expected, threatening his economic achievements of the past three decades.

Since taking office in 1965, Mr. Suharto has presided over spectacular economic growth, which in the last decade has averaged more than 7 percent a year. Now, he said, "It seems that everything we have built, with great difficulty, sometimes with pain

and sacrifices, has suddenly been undermined."

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United Arab Emirates Pushing For New Adherence to Quotas

Bloomberg News

ABU DHABI — The United Arab Emirates said Sunday that it would attend an emergency meeting of the Organization of Petroleum Exporting Countries if all members of the cartel were willing to cooperate and adhere to quotas.

Crude oil prices have slumped to their lowest level in almost four years, partly because of OPEC's November decision to raise production quotas by almost 10 percent to 27.5 million barrels a day.

Weak winter heating fuel demand, sagging demand from Asia, rising non-OPEC supplies and the prospect of the doubling of Iraq's United Nations-approved oil exports have added to the oversupply picture.

On the International Petroleum Exchange in London, Brent crude contracts for April delivery rose 14 cents a barrel Friday, to \$14.17. The price of the contract has fallen more than \$2.50 a barrel since the beginning of the year.

The emirates' petroleum minister, Obaid Nassiri, responding to a call for an OPEC meeting by his Indonesian counterpart, Ida Bagus Sudjan, said, "Contacts between the OPEC member states are currently under way, and the UAE welcomes such a meeting if its success is guaranteed," according to the emirates' official news agency, WAM.

While some traders say prices will prompt the cartel to take action soon, others say a meeting is unlikely because Venezuela has said it will not reduce its output.

"The need for an emergency meeting is obvious, but whether Venezuela is willing to adhere to its quota is the

crucial question," said Jassem Saddoun, an oil industry analyst with Al Shall, an economic research center in Kuwait. "There is no point in holding a meeting if things continue as was."

Venezuela's energy and mines minister, Erwin Arieta, said his country supports the convening of an emergency meeting to discuss lower prices, though it does not intend to cut production itself.

Venezuela is OPEC's largest quota violator, producing about 3.4 million barrels of oil

Consolidated prices for all shares
traded during week ended Friday,
Feb. 27

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Div	Yr	High	Low	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten	Eleven	Twelve	Thirteen	Fourteen	Fifteen	Sixteen	Seventeen	Eighteen	Nineteen	Twenty	Twenty One	Twenty Two	Twenty Three	Twenty Four	Twenty Five	Twenty Six	Twenty Seven	Twenty Eight	Twenty Nine	Thirty	Thirty One	Thirty Two	Thirty Three	Thirty Four	Thirty Five	Thirty Six	Thirty Seven	Thirty Eight	Thirty Nine	Forty	Forty One	Forty Two	Forty Three	Forty Four	Forty Five	Forty Six	Forty Seven	Forty Eight	Forty Nine	Fifty	Fifty One	Fifty Two	Fifty Three	Fifty Four	Fifty Five	Fifty Six	Fifty Seven	Fifty Eight	Fifty Nine	Sixty	Sixty One	Sixty Two	Sixty Three	Sixty Four	Sixty Five	Sixty Six	Sixty Seven	Sixty Eight	Sixty Nine	Seventy	Seventy One	Seventy Two	Seventy Three	Seventy Four	Seventy Five	Seventy Six	Seventy Seven	Seventy Eight	Seventy Nine	Eighty	Eighty One	Eighty Two	Eighty Three	Eighty Four	Eighty Five	Eighty Six	Eighty Seven	Eighty Eight	Eighty Nine	Ninety	Ninety One	Ninety Two	Ninety Three	Ninety Four	Ninety Five	Ninety Six	Ninety Seven	Ninety Eight	Ninety Nine	Hundred
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100				

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Continued on Page 15

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SPORTS

At 28, It's Last Chance For Belgian Bike Racer

By Samuel Abt
International Herald Tribune

LOKEREN, Belgium — By now, almost no one believes in Wilfried Nelissen's chances for a comeback. The second comeback, that is. For the first one, his coach, his teammates, his many fans in Belgium, above all Nelissen himself, believed. Now, the list seems to have dwindled to just Nelissen, if even.

Listen to Walter Planckaert, the directeur sportif of Nelissen's bicycle team: "He's in the hospital again, another knee operation. He'll miss training for four weeks once he gets out. He had the operation Tuesday. When he gets out, we don't know yet."

In other words, the rider will not begin training until April at the earliest, far too late for the spring races. No matter what his condition thereafter, his minor Palmarès team will not be eligible for any of the big races of summer and fall.

The season has just begun, but for Nelissen it seems to be over already. At 28, there are not many years left.

"It will be difficult for him," Planckaert judged. "Extremely difficult."

A teammate, Gert Vanderhaeghe, a Belgian like Planckaert and Nelissen, was blunt. "It doesn't look good for him," he said.

They both spoke Saturday morning in Sint-Pieter's Plein, a huge square in Ghent, before the start of the Het Volk race. Staged over 202 kilometers (125 miles), 11 short, steep climbs and stretches of cobblestones, the Het Volk opens the bicycle season in the north of Europe after a month of races in Spain, Italy and the south of France.

The Het Volk is a tough race, especially when the wind is blowing hard, as it was Saturday. As they say in Belgium, mainly when a Belgian finishes first, it takes a tough man to win such a tough race. Nelissen has won it twice.

The first time was in 1993, and he became the bright hope of Belgian bike racing at age 22. Everything seemed possible for a sprinter as fleet as he was.

But the day after his victory, as he rode in the minor Kuurne-Brussels-Kuurne race, he crashed, broke his collarbone and missed the one-day classics.

Nelissen won the Het Volk again in 1994 and seemed once more to be heading for the top when he also won the Belgian national championship that June. But, a week later, in the first stage of the Tour de France, as he sprinted for

the finish line with his head down, he plowed into a French policeman who had moved onto the course to take a photograph of the approaching riders.

Knocked unconscious by the crash at 70 kilometers an hour, Nelissen suffered a concussion and had to be hospitalized. His Tour was over. His first serious comeback began.

Was he shy now when the sprinting began?

"No, not at all," he said. "It's all over now." To prove it, he won a race in Belgium that September and a few weeks later the Grand Prix d'Isbergues in France. "That felt good," he said.

In 1995, he repeated his victory in the Belgian championships and was wearing the black, yellow and red striped jersey the next spring. No Het Volk victory this time but he was off to a good start until the Ghent-Wevelgem race in April.

Somewhat, as the pack rode single file in a heavy wind, Nelissen hit one of the many thick wooden stakes that mark the side of back-country roads. His right knee was shattered, his thigh ripped open, his shin fractured.

Then began, and continues, his second comeback. Not until February 1997, nearly a year later, was he able to resume riding. By then, his Lotto sponsor had dropped him, and he moved from the country's only major team to Palmarès, a low-budget one. When the Tour de France was starting last July, the rider who once wore its yellow jersey was finally fit for his first race.

It was one of the small ones, called kermisses, that nearly every village in Belgium sponsors on weekends. Among the riders from some unsung Belgian teams, Nelissen raced up main streets, out past farmland, and then back down main streets. Even if the competition was not overly stiff and even if his team conveyed him most of the way, Nelissen still astounded the sport by winning at kermesse in Sint-Niklaas. He seemed to be on his way back.

Late this January, he went to Spain to train with the Het Volk as his first big goal, but after a 100-kilometer ride, he returned to his hotel in tears from the pain in his knee. He rested, tried to train again and could not. Last week he had surgery to repair calcification in the knee.

Nelissen will give himself this one last year to see if he has a future as a rider, his friends say. He cannot discuss his chances because he does not want to be called in the hospital.



Ole Kristian Furuseth of Norway winning the men's slalom on Sunday.

3 Norwegian Skiers Sweep Top Men's Slalom Spots

The Associated Press

YONGPYONG, South Korea — The guy with the funny red hair made only the briefest of appearances Sunday for the World Cup slalom and yet he can take a lot of credit for Norway's sweep of the first three places.

"The reason we're doing so well is because of Hans-Peter Buraas," said Ole Kristian Furuseth, who outraced his teammates, Finn Christian Jagge and Tom Stiansen, to win the final event of the first World Cup weekend in South Korea.

"He has given us great momentum by winning the gold medal and pushing us to our limits in training because he was very fast," Furuseth said.

Buraas, the Norwegian whose hair is dyed bright red, went off course after three gates in the morning run. Furuseth, who got the silver medal behind Buraas in the Olympic slalom in Japan last month, gained his first victory since 1995 with a two-run time of 1 minute, 39.15 seconds.

"Starting No. 1 was an advantage for me because the course was perfect for me," Furuseth said. "It became choppy

for the later starters." Furuseth won his first World Cup race in 1989 at Shiga Kogen, Japan, and also won at Furano, Japan, later that season.

Jagge was second overall in 1:39.82 — 39 hundredths of a second better than Stiansen, last year's world championship gold medalist, who was third in the first heat as well.

On Saturday, Michael Von Gruenigen of Switzerland displayed a master's touch on the treacherous lower section of the slope to win the men's giant slalom. Christian Mayer of Austria was second, 40 hundredths of a second behind. Hermann Maier of Austria, the Olympic giant slalom champion and runaway leader in the World Cup overall standings, was third.

Ertl Wins Night Race

Martina Ertl of Germany won a women's night slalom Sunday in one minute and 36 seconds. The Associated Press reported from Hinterglemm, Austria.

Tine Bakke of Norway finished second in 1:36.07, with Kristina Koznick of the United States third in 1:36.26.

African Hopefuls Give Few Clues to World Cup

Egypt Wins Soccer Title but Will Miss France

By Brian Homewood
Reuters

OUAGADOUGOU, Burkina Faso — The African Nations' Cup, which finished with Egypt beating South Africa, 2-0, in the final on Saturday, gave little away about the continent's prospects at the World Cup finals in France this year.

The title went to a team that failed to qualify for the World Cup, while Nigeria, probably the strongest of Africa's World Cup quintet, was not in Burkina Faso because of suspension.

Tunisia, which will play England, Colombia and Romania in the World Cup Group G, did little to impress scouts from those countries and may have left them wondering how Tunisia overcame the polished Egyptians in its World Cup qualifying group.

Any observers sent by the first-round opponents of South Africa, Morocco and Cameroon are unlikely to have drawn many firm conclusions.

To add to the unpredictability of the African teams, South Africa will go to the World Cup under a different coach, while coaching changes are possible for both Cameroon and Tunisia.

"As first time goes, we must just go and enjoy ourselves," said Mark Fish, a South Africa defender. "If any African team can win the World Cup, it should be Nigeria. They've got enough experience, they've got enough good players."

South Africa shone in flashes, especially in its first-round victory over Namibia and its semifinal victory over the Democratic Republic of Congo, but was ultimately outclassed by Egypt in the final when its play was uninspired and its forwards lacked sparkle.

Cameroon had two of the tournament's most promising young players in Rigobert Song and Pierre Nlend Wome, already playing in his second Nations' Cup at the age of 18. In Alphonse Tchami, who scored in each first-round game, it also appears to have found a regular goalscorer.

Cameroon played well in patches but badly throughout its quarterfinal, when it suffered a shock elimination against the Democratic Republic of Congo.

Morocco, which played a similar disciplined game to Egypt, appeared to be

saving itself for France.

Moroccans said afterward that their preparation had not been the best, partly because of the Muslim holy month of Ramadan.

They will have to improve on their shooting if they are to progress beyond the first round in France, when Brazil, Norway and Scotland will be their opponents.

Tunisia was outplayed by Ghana, beat the Democratic Republic of Congo and Togo without ever looking convincing and then crashed to the previously unrated hosts on penalties in the quarterfinals.

The tournament showed that African teams are generally improving their tactical discipline, and the old belief that they are good to watch but naive no longer holds true.

Egypt, especially, was very well organized. It conceded only one goal on its way to the title.

In the final, Ahmed Hassan and Tarek Mostafa scored in the first 13 minutes, and the Egyptian defense comfortably resisted all of South Africa's attacks after that to give Egypt a record fourth African title. Mahmoud Gohari became the first man to win the competition both as a player and as a coach.

The coaches of Algeria, Ghana, Zambia and Angola were all victims of dismissals or attempted dismissals, and Cameroon's path to France appears to be fraught with uncertainty.

Jean Manga Onguene, the Cameroon coach, refused to talk about his prospects of remaining in charge until the finals. Roger Milla, Cameroon's most famous former player, was in Burkina, officially as a talent scout for the French club Montpellier. But Milla went into the team dressing room before every match, and sources said he was giving team talks to Onguene.

South Africa will almost certainly start the World Cup with a new coach. South Africa played under a caretaker coach, Jomo Sono, in Burkina Faso. The South African soccer federation had announced beforehand that Philippe Troussier, a Frenchman, would replace Sono however the team performed. Troussier led Nigeria to the World Cup finals before being dismissed last year. Then he took over Burkina Faso and coached it to the semifinal here.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

FRIDAY RESULTS

Texas 7, Minnesota 0
Florida 2, Tampa Bay 1
Toronto 5, Philadelphia 0
Cleveland 7, Pittsburgh 6
Kansas City 6, Colorado 2, 10 innings
Houston 7, Los Angeles 2, 10 innings
Detroit 10, New York Yankees 5
Oakland 10, Anaheim 1
Seattle 1, Chicago Cubs 6
San Diego 8, Milwaukee 4
San Francisco 14, Colorado 2
Boston 10, Boston Red Sox 1, 7 innings
Arizona 6, Chicago White Sox 5
SAN ANTONIO RESULTS

Texas 6, Boston 6
Detroit 6, Cleveland 6, rsn
Cincinnati 5, Milwaukee 4, 10 innings
Baltimore 5, Los Angeles 10
Toronto 5, Philadelphia 6, 10 innings
Kansas City vs. Houston, p.m., rsn
Tampa Bay vs. Florida, p.m., rsn
Atlanta vs. New York Mets 11, 11 innings
St. Louis vs. Montreal 10, 11 innings
New York Yankees 10, Pittsburgh 0
Oakland 6, Anaheim 7
San Diego 13, Seattle 2
Arizona 5, Chicago White Sox 1
Colorado 11, Milwaukee 9
Colorado 3, San Francisco 4

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Team W L Pct GB

Miami 32 18 .640

New York 32 18 .640

New Jersey 29 21 .580

Orlando 29 21 .580

Washington 29 21 .580

Boston 27 23 .540

Philadelphia 19 31 .380

CENTRAL DIVISION

Chicago 40 16 .729

Indiana 39 17 .696

Charlotte 37 19 .659

Atlanta 33 24 .579

Cleveland 30 27 .520

Milwaukee 29 28 .510

Detroit 26 30 .464

Toronto 13 43 .232

WESTERN CONFERENCE

MINNESOTA DIVISION

Team W L Pct GB

Utah 36 16 .690

San Antonio 36 16 .690

Minnesota 30 22 .577

Houston 29 23 .558

Dallas 27 25 .519

Denver 26 26 .500

PACIFIC DIVISION

Team W L Pct GB

Seattle 43 13 .768

LA Lakers 39 17 .690

Phoenix 38 18 .679

Portland 35 21 .621

Sacramento 24 32 .431

Golden State 22 34 .393

FRIDAY RESULTS

Golden State 15 19 28-38

Boston 23 23 23-29

G.S.: Celtics 9-10-3-21, Miami 11-21-2-4

LA: Lakers 10-14-4-24, Golden State 10-20-0-20

Reb.: Celtics 40-10-11, Golden State 30-11-11

19, Boston 40-10-11, Golden State 30-11-11

BASEBALL

EXHIBITION BASEBALL

FRIDAY RESULTS

P. Coleman 6-15-6-16, Vernon 7-19-4-18

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FRIDAY RESULTS

P. Coleman 6-15-6-16, Vernon 7-19-4-18

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BASEBALL

EXHIBITION BASEBALL

FRIDAY RESULTS

P. Coleman 6-15-6-16, Vernon 7-19-4-18

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SPORTS

The Knicks Stand Tall To Take Down Lakers

Battered and Undersized, New York Rolls

The Associated Press

The New York Knicks overcame injuries and a height disadvantage on Sunday to beat the Los Angeles Lakers, 101-89, at Madison Square Garden.

Allen Iverson scored 32 points for New York, which held the Lakers to just one field goal over the final 6½ minutes.

NEA Roundup

and held Los Angeles 17 points below its league-leading average.

It was the eighth victory in 10 games since the All-Star break for New York, which won despite the absence of the injured Patrick Ewing, Buck Williams, Chris Dudley and Chris Childs. Also, John Starks was playing with a hyperextended elbow and Larry Johnson had a sprained thumb.

The lack of personnel and nagging injuries didn't stop the Knicks from forcing the game to be played in their favored style — a slow, defensive battle. New York kept Shaquille O'Neal from getting involved in any way during the fourth period, holding the star center to just one point and no rebounds.

O'Neal had 19 points to lead the Lakers, but he shot just 6-for-16. He was outbounded, 9-7, by Charles Oakley, who guarded him almost the entire game despite being down almost five inches in height and 70 pounds in weight.

In games played Saturday: **Mavericks 103, Wizards 77** Michael Finley scored 27 points and A.C. Green had a season-high 25 points and 11 rebounds in Washington as Dallas gained only its fourth road victory of the season.

The mood was a little upbeat, for a change, in the Mavericks' locker room.

"Break up the Mavericks," the Dallas coach, Don Nelson, joked after his team won only its second road game in 23 tries since he took over on Dec. 4. Dallas improved its overall record to 11-

46 and its road mark to 4-25.

Rod Strickland led the Wizards with 27 points and nine assists, but Washington could not overcome a season-low 34.1 percent shooting from the field.

Cedric Ceballos, making his first start since being traded to the Mavericks from Phoenix on Feb. 18, had 21 points and 10 rebounds. Green, playing all 48 minutes, extended his NBA-record consecutive-game streak to 953.

Washington led by eight points four minutes into the game, but the Wizards went cold, and Dallas scored the final eight points of the first quarter to take a 29-21 lead.

Dallas led 54-39, at the half, and by the time the Mavericks had a 31-point lead in the third quarter, the MCI Center was filled with a chorus of boos.

"We stunk up the place," said Bernie Bickerstaff, the Washington coach.

Bulls 109, Kings 94 In Chicago, Scottie Pippen scored a season-high 29 points, and Dennis Rodman grabbed 18 rebounds in his return to the starting lineup as the Bulls beat Sacramento.

Mitch Richmond outscored Michael Jordan, 34-28, in a battle of All-Star guards, but could not prevent Sacramento's sixth consecutive loss.

Rodman, going for his seventh-straight NBA rebounding title, had been relegated to a reserve role in the previous six games after he missed two practices. He got back into the starting lineup because of Luc Longley's knee injury.

Spurs 100, 76ers 88 In San Antonio, Avery Johnson scored 18 of his 20 points in the second half as the Spurs rallied from a 10-point halftime deficit to beat Philadelphia.

Johnson and Tim Duncan, who had 27 points and 17 rebounds, helped make up for the limited playing time of David Robinson. The All-Star center, who had missed the previous six games with a knee injury, played just 24 minutes against the Sixers, finishing with 17 points and eight rebounds.



Shaquille O'Neal of the Lakers, foreground, going round Charles Oakley of the Knicks to approach the basket from behind on Sunday.

Heat 95, Nets 93 Alonzo Mourning scored 11 of his 28 points in the fourth quarter as Miami rallied from a 20-point third-quarter deficit to win in New Jersey.

Miami, which entered the fourth quarter trailing, 78-63, won without Tim Hardaway, who was ejected after receiving two technical fouls with 4:51 to play in the third period. They also lost Keith Askins, who was called for a flagrant foul on Keith Van Horn and

ejected with 6:39 remaining.

Hornets 90, Magic 80 In Charlotte, Anthony Mason had 24 points and 13 rebounds as the Hornets pulled away from Orlando.

Blazers Set a Dubious Record

The Indiana Pacers could have stopped shooting after their first basket of the third quarter and still won. The Associated Press reported from Indianapolis. The Pacers beat the Blazers, 124-59, on Friday. Portland was the first team in the 51-year history of the NBA to score fewer than half as many points as its opponent. In its previous game, Portland had upset the defending NBA champion Bulls in Chicago.

Only a free throw apiece by Kelvin Cato and Rick Brunson in the closing minutes kept Portland from matching the lowest total in NBA history.

The 65-point deficit was three points short of the worst in NBA history: Miami's 148-80 loss to Cleveland in 1991.

NL-Bound Brewers Busy Doing Their Homework

By Claire Smith

New York Times Service

MARYVALE, Arizona — Is it better to be a National League team in the American League, or a National League team in the National League?

The Milwaukee Brewers are about to find out. An American League team with a proclivity toward playing a National League style, as designed by its manager, Phil Garner, Milwaukee is baseball's lone realignment testing ground, moving from the AL Central to the NL Central this year.

The move is perhaps a precursor to massive realignment once more reluctant teams get the spirit. For now it is a curiosity. In one sense it fits the franchise like a glove, yet it is disconcerting.

Milwaukee was the home of the Braves until that NL team moved to Atlanta in 1966. The city that watched Henry Aaron, Warren Spahn and Eddie Mathews grow into Hall of Famers never forgot its National League roots, not even when the Seattle Pilots of the American League moved to Milwaukee in the form of the Brewers in 1970.

"We did a poll, and it showed that 85 percent wanted us to switch leagues," said Sal Bando, the Brewers' general manager. "So it told me the roots go very deep even a generation removed from when the Braves were there."

The enthusiasm, which has increased ticket sales, has made a convert of Garner, who admits that he was not excited about the move at first. "The fans have made me excited," he said. "They're really into it."

As for the economics, the Brewers, long a struggling small-market team, are happy to say good-bye to a division that held the big-market, free-spending Chicago White Sox and Cleveland Indians.

"We can't compete at that level," Bando said. "At least in the National League Central, with the Reds, Pittsburgh, they're more within our arena, and we can compete better that way."

The comfort zone on the field may be more difficult to find.

Yes, the NL may be metamorphosing into more of a hitter's league as Astroturf teams that relied on speed alone slowly go the way of the surface itself. Yet, even as the images of Maury Wills and Lou Brock give way to the muscle of Mike Piazza and Mark McGwire, the Brewers will not necessarily feel as if they never left the American League.

In many ways, what is a homecoming for some fans will seem like a move into uncharted territory for the players. It is as if every player's nightmare about

winding up in an alien world without a scouting report has been multiplied to the 25th power.

Pitchers who have rarely lifted a bat must now bunt, hit and run the bases because they are in a league without designated hitters. Hitters who thrived amid the high earned-run averages of the American League will now have the pleasure of facing 100-mile-an-hour relievers like Robb Nen and an Atlanta Braves team that is three-deep in Cy Young award winners.

So the Brewers look to seers. Like Marquis Crissom, a center fielder who grew up with the NL Expos and Braves before spending last season with the AL champion Indians.

"He's extremely critical," Garner said. "We're going to use him as another set of eyes, another data bank on the league."

Then there is just plain old cramming, taking place all over the Brewers' new spring training complex here. The most intriguing involves the pitchers, who are approaching life on offense like newborns.

"You hold your breath every time they slide," Bando said.

Still, Garner says he has liked what he has seen in his pitchers' efforts thus far. He does not expect perfection early on in batting practice. But Garner will demand competence by the time the season starts.

"They have to know when to go an extra base, and I don't want to see them doubled off every time there is a line drive in the infield," the manager said. "Our pitchers are intelligent. They should be able to make good judgments."

If not, he warned, outings could be short and not so sweet.

"If I see that they cannot handle the bat at all, then they're going to be taken out of the game," said Garner, whose pitchers were 0 for 18 during inter-league games last season. "I'm going to be forced to use a pinch-hitter. So it's incumbent on them to learn to bunt, because it only helps them."

As for managing, Garner, too, has homework to do.

"I'll have scouting reports and all this information at my fingertips, but it's not the same as having embossed that with what you've seen with your own eyes. And that's going to take a little time."

How long?

"I hope we're acclimated in spring training, but, in reality, I don't know," Garner said. "We don't know the hitters, the pitchers, the umpires, the fields. We just don't know the league. So I just don't know."

Kansas Downs Oklahoma State, 71-67

Syracuse Comes Back From 10-Point Deficit to Beat Georgetown in OT

The Associated Press

Rafael LaFrentz scored 13 of his 17 points in the second half on Sunday and grabbed 14 rebounds to help No. 4 Kansas close out the regular season with a 71-67 victory over No. 25 Oklahoma State.

The Jayhawks (31-3, 15-1 Big 12) led by 13 points at halftime and by 10 with 6:28 remaining, but had to withstand a rally to beat host Oklahoma State (21-5, 11-5) for the sixth straight time and end the Cowboys' seven-game winning streak.

Five of LaFrentz's rebounds were at the offensive end, with two of the biggest coming in the final minute.

No. 24 Temple 74, No. 20 Massachusetts 66 In Philadelphia, Pepe Sanchez scored 19 points and Rasheed Brokenborough added 16 as Temple defeated Massachusetts to win the Eastern Division of the Atlantic 10.

The victory gave Temple (20-7, 13-3) a first-round bye in the league tournament, which begins Wednesday in Philadelphia.

Monty Mack had 15 points for the Minutemen (20-9, 12-4) who committed 20 turnovers. They will meet Virginia Tech in the tournament's first round.

No. 23 Syracuse 77, Georgetown 72 Todd Burgan came alive in the second half and rallied host Syracuse with his clutch shooting and timely defensive plays as the Orangemen outlasted Georgetown in overtime.

Burgan scored all 19 of his points after halftime as he led Syracuse (22-7, 12-6 Big East) back from a 10-point deficit over its final 5:14 to send Georgetown (14-13, 6-12) to its seventh loss in 10 games and dim the Hoyas' hopes of a National Invitation Tournament bid.

Burgan's basket off a rebound and free throw with 22 seconds left tied the game at 68. Syracuse got the ball back

with seven seconds remaining after Burgan stepped in front of a driving Joseph Tououmou for a charge. Burgan then drove the length of the court but couldn't get off a shot before time expired.

In games played Saturday:

No. 2 Arizona 90, No. 8 Stanford 55 Miles Simon scored 20 points and A.J. Bramlett had 11 points and a career-high 19 rebounds as Arizona routed Stanford to clinch its eighth Pac-10 title in 15 years under Coach Lute Olson.

Arizona (26-3, 16-0) also tied a 5-year-old school record by winning its 19th consecutive game, the nation's longest winning streak.

College Basketball
The Cardinal (24-4, 13-3) won their first 18 games of the season before Arizona beat them, 93-75, on Jan. 29.

Jason Terry and Michael Dickerson, the Wildcats' second-half weapon, had 15 points each on Saturday. Dickerson, who had 21 points in the second half last week against California, was scoreless at halftime. Mark Madson, who missed the first Arizona game, led the visiting Cardinal with 10 points and seven rebounds.

No. 5 Utah 65, No. 16 New Mexico 55 In Salt Lake City, Hanno Motola scored 19 points as Utah beat New Mexico in a showdown for the Western Athletic Conference's Mountain Division title.

No. 6 Connecticut 87, St. John's 58 Khalid El-Amin scored 29 points as host Connecticut clinched the Big East regular-season crown and the No. 1 seed in the conference tournament with a victory over St. John's.

No. 7 Kentucky 69, No. 14 South Carolina 57 Jeff Sheppard scored 24 points and Heshimo Evans added 22 as Kentucky (26-4, 14-2 Southeastern Conference) ended South Carolina's 22-game home winning streak.

No. 9 Princeton 72, Cornell 59 Princeton used 3-point sharp-shooting for its 18th straight victory. The visiting Tigers (25-1, 13-0) made 10-of-20 3-point shots and stayed undefeated in the Ivy League. Cornell (9-17, 6-8) was only 2-for-15 from beyond the arc.

Alabama 65, No. 12 Arkansas 63 Brian Williams scored 20 points, including a free throw with 5.9 seconds left, as host Alabama upset Arkansas to give David Hobbs, who is slated to be replaced as the Crimson Tide's coach, a victory in his last regular-season game.

No. 13 Mississippi 74, Auburn 67 In Oxford, Mississippi, Ansu Sesay scored 24 points as the Rebels (21-5, 12-4) clinched at least a share of the Southeastern Conference West Division.

No. 15 Texas Christian 86, Rice 73 In Houston, Lee Nallion scored 25 points as Texas Christian won its 15th consecutive game, becoming the first Western Athletic Conference team to go undefeated in the conference.

No. 17 Cincinnati 61, Saint Louis 58 D'Juan Baker made a jumper with 17 seconds left as host Cincinnati overcame an 18-point deficit to clinch the best regular-season record in Conference USA.

Miami 70, No. 19 West Virginia 65 In Miami, the Hurricanes (18-8, 11-7 Big East) bolstered their NCAA tournament hopes by improving to 3-4 against Top-25 ranked opponents.

No. 21 Michigan 78, Wisconsin 70 Robert Traylor scored 26 points and Louis Bullock added 25 as the Wolverines (21-8, 11-5 Big Ten) clinched the No. 4 seed in the first Big Ten tournament. The Badgers (11-18, 3-13) dropped their 11th straight conference game.

Maryland 63, No. 24 Temple 66 In Baltimore, Rodney Elliott scored 20 points and grabbed a career-high 17 rebounds as the Terrapins (18-9) beat Temple's so-called matchup zone defense by making a season-high nine 3-pointers.

CROSSWORD

ACROSS

1 Reply to a ques

4 Wiscrack

6 Youngster

13 Bag about

15 Wrist-throw

16 Cowboy contest

17 Defeats

19 Traveler's reference

20 Composer who wrote "The Magic Flute"

21 "Don't go out"

22 Speaker's spot

23 Medicinal herb

26 Become motionless out of fear

30 Pass, as time

34 Thin fish

35 "This (shrimp label)"

37 Unprepared comment

38 Actor Guinness

40 Plants used to make poi

43 Without Fr.

45 Discipline

46 Popular athletic footwear

47 Golf bag item

48 Baroque and rococo, e.g.

50 Opposite of 26-Across?

52 Apollo astronaut

54 Suffr with gang

55 Unwanted art

56 Fanatic

58 U.S. Grant opponent

64 Opposite of 17-Across?

66 Deduce

67 Gloomy

68 Bubbly beverage

69 Castles' barriers

70 TV deputy from Hazzard

71 Armenia or Azerbaijan, once: Abbr.

11 Shakespearean king

12 Prescription amount

14 Barter

16 Mania

22 Bubbly beverage

24 Land south of Egypt

26 Is afraid of

27 On again, as a lantern

28 Poem of lament

29 Jewish festival

31 Philosopher who wrote "The Republic"

32 Tendon

33 Actor Buddy

34 Nudges

35 Opposite of 9-Down?

41 Bubbly beverage

44 Illegal cigarettes, slangily

46 Turn the wheel

48 Do stunts

51 Pulls

53 Conservatory assignment, perhaps

55 Bleak

56 Clinton Attorney General

57 Romeo (Italian auto)

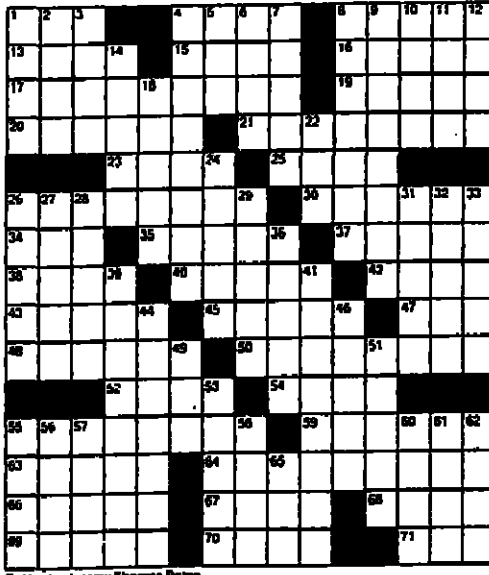
58 Lot — a secret

60 Facilities, in Falmouth

64 Multivolume ref. works

62 Pre-1917 ruler

63 Two some



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